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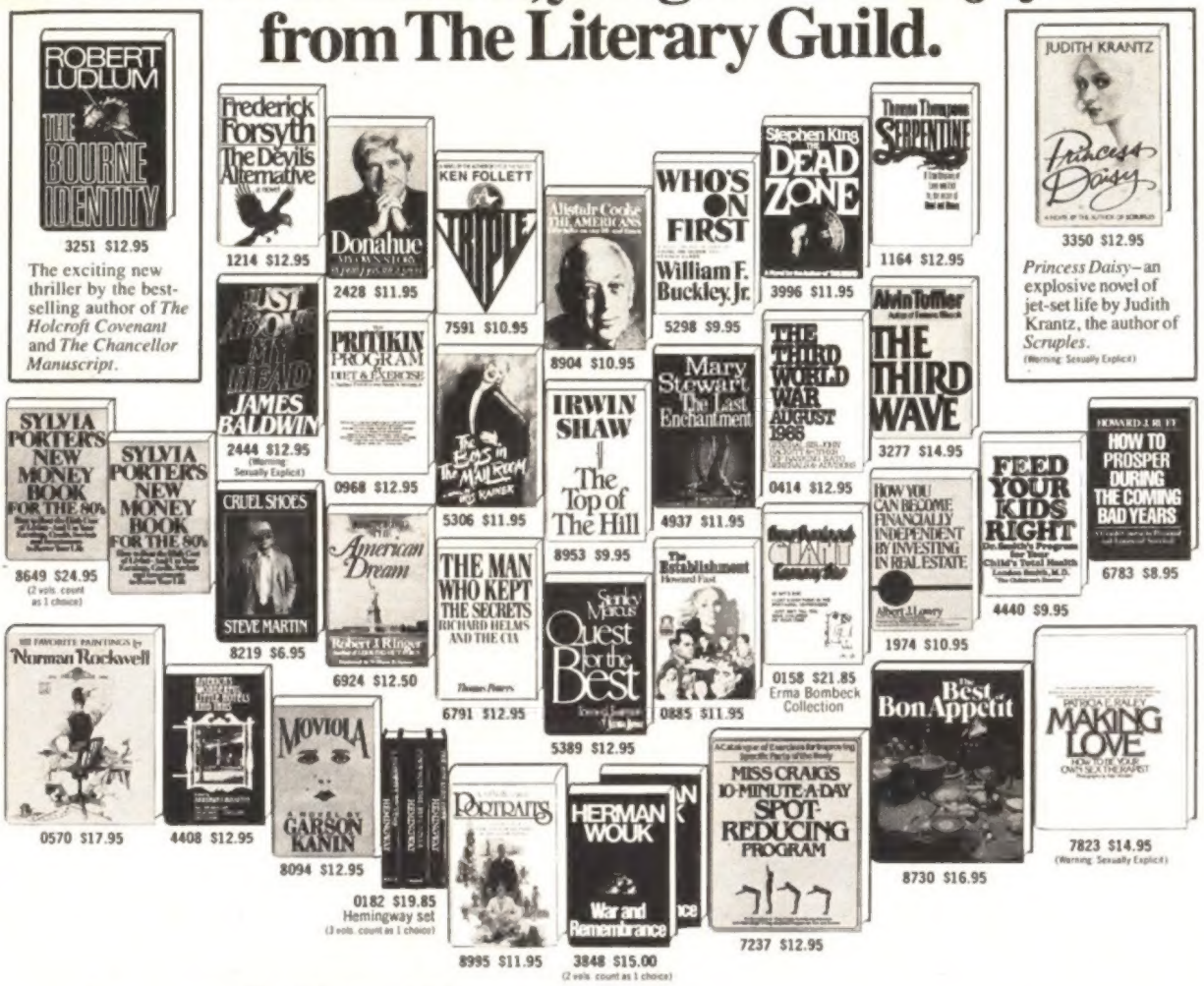

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APRIL 21, 1980 Vol. 115 No. 16 **TIME** THE WEEKLY NEWSMAGAZINE

A Letter from the Publisher

This week's cover story on the state of capitalism as the 1980s begin reflects the reporting of correspondents in many of TIME's bureaus, both in the capitalist world and beyond. But much of the research was done by Associate Editor George M. Taber, who wrote the story as well as an accompanying side bar on capitalism's roots in history. Taber, who joined TIME's New York staff last summer after two years as our economics correspondent in Washington, found the assignment absorbing—so much so that at one point he spent a series of eleven-hour days poring over texts on his subject in the stacks of the Princeton University library, which is near his home. "Here at last," says Taber, "was a chance to grapple with the economic problems I had studied in Washington, to explore their complex causes and long-range social implications." Taber was assisted by Reporter-Researchers Charles Alexander and Robert Grieves, who helped to pin down such fine points as the cost of gasoline in Bulgaria, the distribution of wealth envisioned in Plato's *Republic*, and whether Marie Antoinette really did say, "Let them eat cake" (she did not). Says Alexander: "Happily, we had to reach out of our accustomed economic niche to become students of history, literature and philosophy."

Bernstein at a Peking bookshop

Last week TIME opened its first bureau on mainland China since our office in Shanghai was closed in September 1949, four months after the city was taken over by the forces of Mao Tse-tung. The newest of our 31 bureaus is located in Peking's Qianmen Hotel, ten minutes by car from the Chinese capital's broad Tiananmen Square. Last August TIME became the first U.S. newsmagazine to be circulated in China. Our reporting on that country will be much enriched by the presence there of our new bureau chief, Richard Bernstein. He began learning his Mandarin while doing graduate work in Chinese history at Harvard in 1966. After writing five cover stories on events in China as a TIME writer from 1973 to 1976, he went to our bureau in Hong Kong. Until last year, when the Peking government began allowing U.S. news organizations to station correspondents in China, American journalists could travel in the country occasionally, but for the most part they had to monitor developments from Hong Kong, through newspapers, broadcasts and talks with returning travelers. "Editorials in *People's Daily* will remain an important news source," says Bernstein. "But, as an ancient Chinese proverb says, 'A thousand words of hearsay are not worth a single glance at the reality.' "

John a. Meyer

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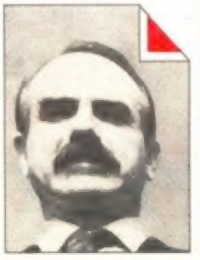

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Letters

The IF Drug

To the Editors:

Cancer may be nature's most devastating army of destruction, but interferon [March 31] may be the untapped defense that the princelings of medicine—health professionals and researchers—need to increase the odds for victory.

George J. Perchak
Norwich, Conn.

How can one tell the terminally ill cancer victim he must wait for laboratory testers to decide just how much IF is safe? He doesn't have the time. Just ask any widow. Me, for instance.

Janet Gray
Woodleaf, N.C.

I was moved to tears by your article on interferon. As a registered nurse, I have worked with many patients suffering from "the world's most terrifying and psychologically daunting disease." My motivation as I campaign for cancer society funds has been intensified.

Marcia Buehner, R.N.
Cleveland

There is an obvious reason why we do not have enough interferon today. The reason was (and partially still is) the National Institutes of Health Guidelines for Recombinant DNA Research, a set of regulations that in the U.S. prevented timely research on the cloning of human DNA for the purpose of making interferon efficiently and cheaply. These regulations still discourage and delay research on and production of future lifesaving medical products because of unfounded and silly fears of hypothetical and highly unlikely scenarios. It is high time to declare a moratorium on the N.I.H. guidelines.

Waclaw Szybalski, Professor of Oncology
University of Wisconsin Medical School
Madison, Wis.

As exciting as interferon research appears to be, it is, like most modern medicine, on the wrong track. Chemicals in the environment—food preservatives, air pollution, industrial solvents, chlorinated pesticides, radiation, tobacco smoke, etc.—are the causes of many cases of cancer. Why concentrate on the cure when the cause is the problem?

John B. Calhoun Jr.
Alpine, Texas

Can Anyone Win?

In your article "But Can Reagan Be Elected?" [March 31] you say that "G.O.P. Front Runner Ronald Reagan relies upon a base of support that is on the far-right wing of the Republican Party." You can't bring yourselves to acknowledge the obvious: he has the broad center, and Kennedy, Carter, Anderson and the other liberals are on the far left of the people of this country.

Jack M. Marshall
Lebanon, Ohio

If it is true that Reagan cannot win in a Carter-Reagan race, then it is going to be a very funny election, because Carter cannot conceivably win either.

Robert T. Dick
Deerfield Beach, Fla.

Ronald Reagan *vs.* Jimmy Carter? There's only one word for that possibility: Help!

Steve Joos
Havana, Ill.

I strongly dispute your assertion that "the public has refused to forgive" Kennedy Chappaquiddick. Considering the repeated dark hints in the media, it would be more accurate to say, "The media have refused to allow the public to forgive him Chappaquiddick."

David E. Pearson
New Haven, Conn.

Chappaquiddick and his personal problems may have done in Teddy Kennedy. But I believe that the American people also perceive him as the king of the big spenders who have brought this country to the very brink of economic collapse. The aspirations of an arsonist to be fire chief strike many as ludicrous.

Thomas T. Cobb
Daytona Beach, Fla.

Though Ted Kennedy may not be endowed with John Kennedy's wit and intelligence or with the heart of Robert Kennedy, he has shown himself to have the guts of a street fighter. He always comes back. A man with the guts, determination and perseverance of a Ted Kennedy would serve the country well in the Oval Office.

Joseph L. Boohaker
Birmingham

In 1976, in the wake of Watergate, I was one of those who fell on their knees and prayed for Jimmy Carter to be elect-

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Letters

ed President. But on the issue of the Soviets' threat to world peace, President Carter has been toeing too soft a line. Give Ronald Reagan a chance and retain Zbigniew Brzezinski.

Joshua A. Ladapo
Jos, Nigeria

As a resident of Ohio, I am being cheated by the people of New Hampshire, Massachusetts and other states of the chance to vote for certain presidential candidates because they have already been eliminated. By June 3, when I get my chance at the ballot box, the field will be even narrower.

James E. Latham
Youngstown, Ohio

Cronkite for President?

Hugh Sidey may have been joking when he suggested Walter Cronkite as a possible President [March 31], but it's no joke. Either party could nominate Cronkite and win. He knows more about national and international problems than any other two candidates put together, and, as a duty, I think he would accept the miserable job.

George A. Kellogg
Athens, Ga.

Cronkite for President! I'll vote for that. Younger than Reagan, smarter than Carter and classier than Kennedy, Walter Cronkite outflanks the whole field in all respects.

Connee Merwin
Falls Church, Va.

Saving America

When will a President learn that disciplining America is like disciplining a child? It's more effective to reward the good than to punish the bad. Why not reward the child who eats his vegetables? Americans need incentives to save and invest [March 24], like raising interest ceilings for small savers and reducing or eliminating taxes on interest and dividends.

People won't spend if they can make money by saving.

Bill Zvara
Lansing, Mich.

Guess Who's Coming to Moscow

The biggest game of all is guessing who will be at the Summer Games in Moscow [March 31].

Warren Abbey
Key West, Fla.

A boycott that could destroy the Olympic Games forever would be a tragedy to be remembered long after Afghanistan and the 1980 elections have faded from mind. If the U.S. is going to deny its citizens passports in order to prevent their participation in Moscow, I hope there will be an underground railway to smuggle out American athletes and spectators who want to do their part to keep the Olympic spirit alive.

John E. Ricketts
Uxbridge, Ont.

It does credit to your nation that a peanut farmer from Georgia can become President. It is to the world's debit that he should harm the Olympic movement.

David G. Findlay
Carleton Place, Ont.

We're not asking the young athletes of the world to fight the Soviet troops. All we're asking is that they not play games with them.

Catherine W. Staneck
Gettysburg, Pa.

The Olympic Games are, after all, just that—games. The real world, of which aggression and propaganda sadly are a part, is still too much with us. How can we exchange human lives for laurel leaves? Or betray a people's freedom for a handful of gold? I for one will not weep over the death of the Olympics in their present chauvinistic form.

Stephen A. Weninger
Hong Kong

Arabs *vs.* Israelis

As a former Yeshiva student in Qiryat Arba (Hebron), Israel [March 31], I find it unfortunate that your correspondents hardly made mention of the frequent intimidating and provocative acts of the local Palestinian Arabs toward the residents of Qiryat Arba. I all too well remember my own experiences dodging the rocks and bottles chucked at me.

Jonathan Goldberg
Chicago

How the Arabs are persecuted by the Jews in Israel is an important aspect of the Israeli-Arab problem often omitted by the media. As a Bahraini Arab, I have talked with many Palestinians who have left Israel because of such incidents of persecution by the Israeli Jews. There are two sides to the Israeli-Arab problem.

Karim Mansouri
Cape Girardeau, Mo.

The U.S. has tried hard to resolve the conflict; yet the Arabs and the Israelis seem to reject every effort to bring about a peaceful solution. The U.S. is wasting its time and money on these people; it should wash its hands of them and let the principals decide their own fate.

Frank Morscher
Ridgewood, N.Y.

Divisive Prayers

Unfortunately, those who pray together don't stay together where the schools are concerned. Instead of encouraging a sense of togetherness and solidarity, the voluntary-prayer crusade [March 24] has managed to widen the gap between our school boards, parents and students. No matter how well intended, this issue has resulted in lawsuits, bitter debates and name calling, rather than a feeling of friendship and brotherly love. How many parents or teachers would not object if an Iranian student asked to lead a prayer for the Ayatullah Khomeini?

Heather Stiff
Pittsburgh

Kansas and Nebraska

The 1980 census may reveal a population on the move as you report in "Let the Great Head Count Begin" [March 31], but I doubt if it will turn up the relocation of entire states. Kansas is still south of Nebraska, despite the reversal shown on your map.

Janis Paseka
Ames, Neb.

I thought I felt the house shake last week. Now I understand. My whole state has been moved north 400 miles.

Kathleen Gaye Shattuck
Highland, Kans.

No wonder Kansas had so little population growth. No one can find it.

Melinda A. Correa
Kansas City, Mo.

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Reid Kenedy
Omaha

Proud of Sadat

Hurrah for Egypt's Anwar Sadat for receiving the Shah [March 31]! At last a courageous public man who really cares for human rights and the dignity of the human being. He gave an extraordinary lesson to the Carters, Kennedys, Portillos and others of the same kind. This is a man with a capital *M*. The Egyptians and the world should be proud of him.

Maria Alice Leite
São Paulo, Brazil

Redefining Retirement

Frank Trippett is on target in his Essay on ageism [March 24] when he focuses on persons who have redefined aging and retirement. In fact, one of the original definitions (classified as rare and obsolete by the Oxford dictionary) of the word retire is to rally, to bring back. Trippett's Essay makes a compelling case for reviving this definition and removing it from the rare-and-obsolete category.

Steve Goldberg
Madison, Wis.

Address Letters to TIME, Time & Life Building, Rockefeller Center, New York, N.Y. 10020

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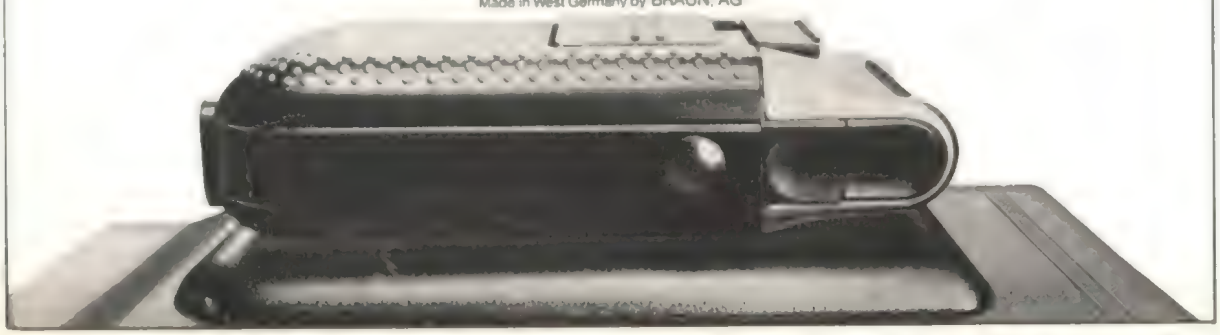

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American Scene

In Minnesota: Poles and Profits

The barber would unlock the door of his shop at 7 a.m. or so—early, because it was an important ceremony of his day to shave the important and self-important men of the town, whose gold-lettered mugs stood splendidly on the shelf above the mirror. Then he would hang up his straw hat and suit coat and raise his window shades. After that he would put on his barber coat, and, finally, he would step outside his shop with the key for winding up his spring-driven barber pole motor. When the twisted red, white and blue stripes began spiraling their way to infinity (a kid could watch those stripes coming down from the top of the pole and disappearing into the bottom of the pole for a good stretch of time without figuring out where they went), you knew the barber was open for business.

But those spring-wound models are old stuff, and William Marvy, who operates the last barber-pole factory in the U.S., is not impressed. When one of those clockwork barber poles comes into his shop in St. Paul for repairs, he sends it back electrified. Marvy, 70, has been in the business for 58 years, and he has been up to date every step of the way. This up-to-dateness is itself a kind of spring-wound relic: the breezy, bet-on-the-future confidence of a Midwestern traveling salesman from a half-century ago.

Marvy is a substantial, pink-faced man with a sandy mustache and a booming voice. He has three Dutch Masters cigars and a ballpoint pen in the breast-pocket of his suit. But it isn't hard to change the ballpoint to a fountain pen, erase a few facial lines and see him as a 25-year-old self-employed salesman, striding into a two-chair barber shop in some one-horse Minnesota town. "Keep up with the times," he would say, unpacking samples of Tiger Root and Pinaud's Lilac Vegetal. "Look to the future. Have a cigar."

Then, with the routine purchases safely inked into his order book, he would make the big try. "Now, you're an intelligent man," he would admit to the proprietor, "and you might say dollars don't come easy, and why should I spend mine on one of these new, illuminated, revolving, high-visibility barber poles? And you'd be absolutely right: everyone knows where your shop is. But sometimes a reminder will make a man buy before he really needs to. For instance, you might be walking down the street without any idea of being thirsty, and suddenly you see a sign that says Blatz Beer." The barber's pride of profession would take over, and he'd contract to replace his old pole —often a hand-striped water tank or section of stovepipe—with one of the up-to-date models. "You may not notice an increase in business the next day, or the day after that," Marvy would say, "but over the course of a year . . ."

William Marvy, proprietor, backed by a barbershop quartet or so

Such logic worked often enough that Marvy began to think of manufacturing barber poles, not just selling them. In January 1950 he opened his own factory. At the time there were five other barber-pole makers in the country: two in Chicago, one in St. Louis, one in Los Angeles and a small one in Winston-Salem, N.C. Marvy and circumstances gradually put them out of business. A man who could have foreseen the long-hair rebellion of the mid-'60s might not have put his money into barber poles then. But by 1967 Marvy's factory, working two shifts a day of twelve to 15 men each, had turned out its

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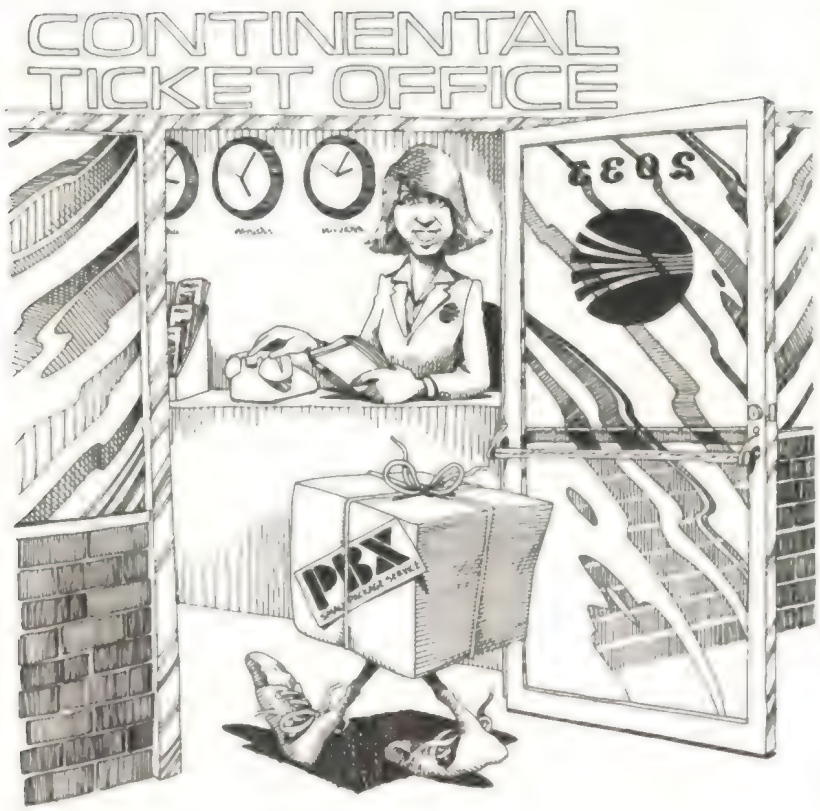

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American Scene

50,000th pole. That one is an elegant rig with gold-plated castings, which is still hanging on a wall of his office, many hundreds of years in time and perhaps more in abstraction from the display that first signified a barbershop the bloody bandages of the old barber-surgeons, hung outside the doorway to dry, twisting and spiraling in the wind.

There were about 112,000 barbershops in the U.S. in 1967, says Marvy, and there are only about 90,000 now. A limited additional market exists on Navy ships and overseas (there is also a competitor overseas; the only other barber-pole factory Marvy knows of in the world is in Japan). The popularity of poodle-grooming salons, though perhaps a sign of societal decay, has helped Marvy's sales; his poodle pole (wall mounted, and too high to be of any practical interest to a dog) has a row of poodles on one of the stripes. Nor has unisex haircutting, which has badly cut into the business of old-fashioned barbershops, been a disaster for Marvy. The androgynous words HAIR STYLIST revolve with the stripes.

One problem is that most of Marvy's potential customers already have perfectly good Marvy poles. Production is down from 5,000 poles a year to something under 1,000, at $335 for the highest-priced model. Does this mean that the William Marvy Co. is as shaky as the Chrysler Corp.? Certainly not. "We just had our first million-dollar year," says Marvy, marveling. Part of that million is inflation, but the barber-pole business seems more secure than most. The little factory could use a new deck of cards in the room where everyone plays rummy at lunchtime, but otherwise things are shipshape.

William Marvy leans on an antique barber chair, whose cracked leather he has replaced with Naugahyde ("a fine product"). It is one of the grand old cast-iron, nickel-plated thrones made by the Emil J. Paidar Co. of Chicago. Paidar also made barber poles and, until it went out of business in the early '70s, was one of Marvy's last competitors. Before meeting Marvy, a visitor imagines someone like the last buffalo hunter, a badlands bad man left over from the century before, gloomily waiting for the great herds to come again. But Marvy sees himself as a man of modern commerce. Sounding imperial, he says, "We are barber-pole people. That's what we think about when we wake in the morning, and that's what we think about when we go home at night."

"Dad, here's your air schedule." What apparition is this? A young Marvy: same build, same face, same voice. Only the Dutch Masters are missing. It is Bob Marvy, the founder's 33-year-old son. As his father looks on approvingly, Bob says that he likes the business and expects to take it over some day. In the meantime, he will get a chance to practice. His father is off to attend a barber-supplies convention, in Las Vegas. — *John Skow*

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TIME APRIL 21, 1980

Finally, Fire in His Eye

But Carter's actions are not likely to free the hostages

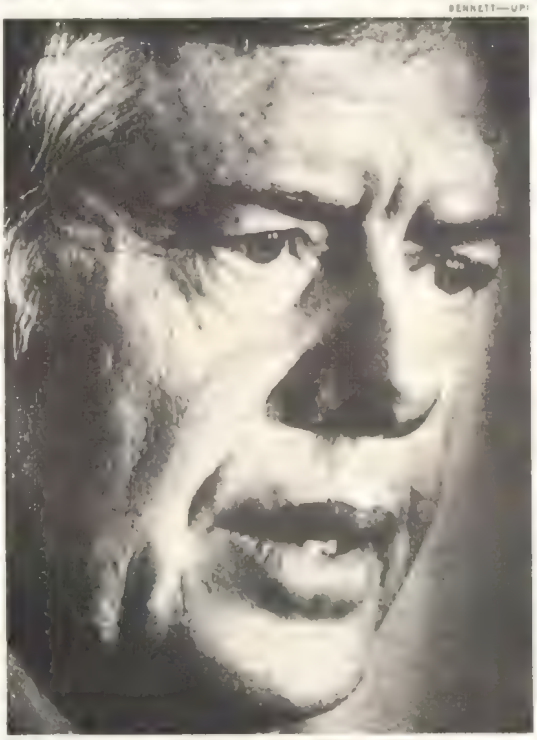
Once again he let the thunder peal: "We take this break in relations as a good omen. Iranians have forced an oppressive superpower to terminate its pillage here. The nation is justified in celebrating the advent of victory!"

So declared the Ayatullah Ruhollah Khomeini last week in response to what almost any other nation would have considered a jolting setback. The President of the U.S. had just imposed historic diplomatic and economic sanctions on Iran, including the expulsion of 35 Iranian diplomats, and had asked American allies to join in isolating Khomeini's government. But in turbulent Iran, where the U.S. and its President are routinely denounced as "Satan," surrealism reigns, and any clash with Americans has become a cause for jubilation. All week long, Muslim leaders whipped up an emotional frenzy against the U.S., reaching an even higher pitch after border clashes occurred with Iraq. "The U.S. hand has come out of Iraq's sleeves," ranted Khomeini, blaming the U.S. for the aggression by Iraq, one of the Middle East's most anti-American countries. The militants who have been holding the 50 American hostages since Nov. 4 renewed their frenzy and vowed to kill them all if the U.S. took any military action against Iran or Iraq launches a major invasion.

The country erupted in exultation when the expelled diplomats arrived at the Tehran airport. "Death to America!" shouted thousands of Iranians as they surrounded the weary but exhilarated diplomats and pelted them with flowers. All over Iran, millions of people marched in a display of national solidarity to protest what President Abolhassan Banisadr called the "conspiracies of the U.S. and Iraq's fascist government." At Tehran University, a crowd roared its approval of anti-American resolutions while chanting "God is great!" —raising fresh fears for the hostages trapped in the middle of the tumult. In Washington, where supporters of the hostages held candlelight vigils near the Iranian embassy, dozens of Iranian students demonstrated in front of the White House and bowed toward Mecca.

The latest hysterical outburst in Iran, where sometimes nobody seems to be in charge, and sometimes everybody, worsened Jimmy Carter's problem. Talleyrand, the 19th century French diplomat, cautioned against "too much zeal." But how to deal with a nation of zealots, who do not play by the rules of law, who do not or cannot keep their promises, who seem more inclined to martyrdom than to statecraft?

For months, the President had pursued a labyrinthine diplomacy that finally led nowhere. He had been given some indication that the students would hand over the hostages to the Iranian government—a minimal first step toward their eventual release. But just when the militants seemed about to go along, Khomeini abruptly refused to take control of the captives and put the matter in the hands of the Iranian National Assembly, which is still to be elected and is not due to meet until late May or early June. Carter cut short his Easter weekend at Camp David and returned by helicopter to the White House. At that point, says an aide, "he had fire in his eyes."



BENNETT—UPI

The President severing diplomatic relations with Tehran

How to deal with a nation of zealots inclined to martyrdom?

While the President and his national security advisers went over every grim detail of the situation in the Cabinet Room, a startlingly different scene was occurring just outside on the South Lawn. Under the springtime splendor of the cherry blossoms, thousands of youngsters were enjoying the traditional Easter Monday egg rolling. The thick, lightly tinted bullet-proof windows of the Cabinet Room could not block out the laughter and the sound of music. Recalls a White House official: "It was a great irony, not lost on anybody in the room. It was like two worlds side by side."

At the end of the meeting on Iran, Carter strode quickly into the other, more agreeable world. At ease, his decisions already set in motion, he shook hands and kissed babies. He was asked: "Are you going to do it to Iran?" His quick reply: "Yes."

Carter had little choice. He had repeatedly turned the other cheek, only to be slapped on it as well. Said Professor Richard Bulliet, an expert on Iran at Columbia University's Middle East Institute: "The feeling is widespread in Iran that America has no will whatsoever, that Carter is spineless, that they brought the Shah down and they can bring down Carter. They're living in a kind of never-never land in which the hostages have ceased to have any real existence because little pressure is being brought to release them."

Not only were the lives of the hostages at stake but so were national honor and prestige in a world where those qualities still count. Both press and public were exerting increasing pressure on the President to take a firmer line. His own polls showed that he was losing ground with voters and might even be defeated by Ted Kennedy in the important Pennsylvania primary on April 22.

Later that afternoon the President entered the White House briefing room to announce his new policies. Declaring that the U.S. had made every effort to gain the release of the hostages on "honorable, peaceful and humanitarian terms," he said that "the Iranian government can no longer escape full responsibility by hid-

Ghotbzadeh leading diplomats through a reception in Tehran; bearded man behind his right shoulder is Ali Agah

ing behind the militants at the embassy." He then announced that he was taking four steps against Iran:

- The U.S. would sever relations, and Iranian diplomats and military officials would be expelled.
- All American exports to Iran would be banned, except for the sale of foodstuffs and medicine, which had slowed to a trickle.
- An inventory would be taken of the $8 billion in Iranian assets already frozen in the U.S. The survey would be used to help settle American claims against Iran.
- Visas would not be issued or renewed for Iranians, except for "compelling and proven humanitarian reasons or where the national interest of our own country requires."

Concluded the President: "The steps I have ordered today are those that are necessary now. Other actions may become necessary if these steps do not produce the prompt release of the hostages."

Summoned to the State Department to be given official word of the expulsion, Iranian Chargé d'Affaires Ali Agah and an aide argued that their government was protecting the hostages. That was too much for Henry Precht, the hot-tempered Iranian-affairs officer. "Bullshit!" he exploded. The retort may not go down in history, and was certainly not very diplomatic, but it expressed the national mood. The two Iranians stormed out of the meeting and returned to their embassy to await a notice of expulsion.

Fearing that the Iranians inside the Washington embassy might be armed and offer resistance, police sealed off five blocks around the building, causing the kind of traffic jam that was all too familiar to Washingtonians. There were lingering memories of the Shah's birthday bashes, when it took a full half-hour to negotiate the last blocks to that sumptuous oasis of champagne and caviar. But the evacuation went peacefully, the only hitch occurring at the airport, where the Iranians found that they had to pay $49 per bag for excess luggage. As he took his leave, Ali Agah muttered: "I hope this makes the American people very happy."

Aside from having their diplomats hustled out of the U.S., the Iranians did not face much inconvenience from Carter's actions. The trade embargo merely ratified the status quo. Because of the growing crisis, U.S. exports to Iran have dwindled from $3.7 billion in 1978 to $5.2 million for the first two months of 1980.

In the meantime, Iran has made arrangements to buy some essentials elsewhere. While it once depended on the U.S. for $300 million worth of rice a year, for example, Iran now imports most of what it needs from Thailand, Argentina and Australia. Says a top Commerce Department official: "The embargo simply makes a *de facto* situation *de jure*. Economically speaking, it's a non-event, particularly when there is absolutely no

Demonstrating across the street from the White House, Iranian students form rows, face east and bow toward Mecca

Hostages (from left) Gary Lee, Joseph Hall, Richard Queen, Robert Engelman conferring with Rev. Nelson Thompson and Father Darrell Rupiper

"We will reduce the hostages to ashes in case of military intervention. Otherwise, we shall not lift a finger against them."

indication that other countries around the world are going to join in."

Secretary of State Cyrus Vance summoned the ambassadors of Western European nations and Japan to a meeting at the State Department to try to get them to support U.S. policy. Vance made no specific requests; he simply asked that each country do what it could to help isolate Iran. Said an aide: "We have no check list or scorecard for our allies. We don't have in mind any test of loyalty."

That may be just as well because few allies would score very high. While they expressed deep sympathy for the U.S. plight, they were unwilling to jeopardize their own well-being. The problem was not that Iran had vowed to cut off oil shipments to any country that supported the U.S. All the allies have been racing to lessen their dependence on Iranian crude. Japan, for instance, now buys only about 10% of its oil from Iran, compared with 17.9% in 1978. Over the same period, West Germany has reduced its dependence from 18.1% to 9%. Altogether, Iran exports only 1.5 million bbl. of oil per day, as against 4.8 million in 1978. Says a top congressional staffer: "My guess is that the world can do without Iranian oil. A total cutoff would be manageable." But U.S. allies fear that other OPEC nations might reduce their oil shipments to demonstrate sympathy for their brother Muslim state. Beyond that, the allies are concerned lest Carter may once again fail to follow through, and leave them stranded even if they offer all-out support.

Meeting in Lisbon last week, the Foreign Ministers of the nine members of the European Community said they would ask the Iranians to name a date by which they would give up the hostages, but failed to call for any sanctions. Only Britain, under the leadership of Prime Minister Margaret Thatcher, has taken any serious steps to support the U.S. It has stopped selling spare parts to the Iranian armed forces for British-made equipment, and is not granting any new lines of financial credit. Editorialized the *Guardian:* "The U.S. has suffered a serious wound since the hostages were captured. It ought to be able to rely on its allies; and if it cannot, it may well ask what the alliance is for."

Iran will miss the $8 billion in frozen assets in U.S. banks, but it is unclear how soon the funds will be made available to Americans seeking damages against the Khomeini regime. Before Carter's announcement, 159 suits asking for a total of $3 billion had been initiated against Iran by U.S. individuals and companies.

Two hostages released in November and six of the U.S. diplomats who took refuge in the Canadian embassy in Tehran and later escaped have filed suits for "pain and suffering." Just after Carter disclosed his program, the family of William Belk, a State Department aide still in captivity, asked for $1 billion, and some 20 additional suits were also filed. The White House plans to introduce legislation to make it easier to collect in court or win a case filed before the U.S. Foreign Claims Settlement Commission. Even so, the suits are likely to drag on for years.

Carter's action against Iran last week reflected the failure of his effort to deal with the turmoil in that country by encouraging the moderates led by Banisadr and Foreign Minister Sadegh Ghotbzadeh. Now the Administration acknowledges that the breakdown of negotiations and the imposition of sanctions have inevitably driven the moderates closer to the fanatics.

Though Banisadr joined his countrymen in making radical, anti-American statements last week, he also let it be known that the U.S. had overlooked a

Hope and Fear

They have got through the past 5½ months as best they could, trying to keep their minds off what was happening in the U.S. embassy in Tehran by performing the day's normal routines or taking on extra projects around the house, such as making draperies for the family room. They have waited anxiously for letters—most have received a few—and, half in fear and half in hope, they have tuned in several times a day to news broadcasts. In this atmosphere of suspended animation, the families of the hostages last week welcomed President Carter's action against Iran. "I'm 100% for it," said Pat Lee of Falls Church, Va., wife of Hostage Gary Lee, a general services officer. "I don't think it will make that much difference, but it's the principle." Added Mary Lopez of Globe, Ariz., mother of Marine Sergeant James Lopez: "I'm not too happy, but I have to have faith in my government. What else can I hold on to?"

Indeed, for the past months most families have had no alternative but to stand behind the Carter Administration, or at least maintain a silence about their worries. But the strain of waiting was clearly taking its toll on the families. Their relatives were still alive, yet the threat of death remained. "It's almost like a grieving situation with parts of it unresolved," said Dorothy Limbert, psychotherapist and mother of State Department Officer John Limbert. Last month, 47 of the hostage families endorsed a letter sent to Carter threatening to protest if he allowed the Shah back into the U.S. for medical care. Some families feel that the President's moves against Iran should have begun

Supporters of American hostages in Tehran keeping candlelight vigil on Sunday evening near the Iranian embassy in Washington

Demonstrating that not only lives were at stake but also national honor and prestige in a world where those qualities still count.

earlier. Said Virgil Sickmann, whose son Rodney was a Marine guard at the embassy: "I wish the President had taken these actions two months sooner. If he had done it then, I think that by this time Iran would have become a little weakened." Added Mary Needham, whose son Paul, 29, was a military aide at the embassy: "It should have been done a long time ago—a very long time ago."

Many hostage families have formed an organization named FLAG (Family Liaison Action Group). "It's for psychological reasons as much as for anything else," says Louisa Kennedy, FLAG spokeswoman and wife of State Department Officer Moorhead C. Kennedy. Members of the group confer occasionally with White House aides, and were briefed on Monday just before Carter announced the steps he was taking. FLAG plans to help the families deal with the complicated financial and legal problems stemming from the takeover of the embassy, including the possibility of bringing suits to get damages from the frozen Iranian assets in the U.S.

Last week the families eagerly studied the televised film clips of life in the embassy that were released by the militants, and the sight of their relatives produced bittersweet reactions. Many looked healthy enough, but the signs of the ordeal were there. Gary Lee did not speak on camera; his wife Pat said he did not have to. "When he doesn't say anything, I can read him through his eyes. I saw pain, I think." She added: "He had a quiet, reserved, mature look that wasn't there before. It was a different face from the one he had six months ago." She was proud of the poise her husband had shown, but she had paid a price for the glimpse of the changes in him. "Oh boy," she said, "it hurt."

concession made by Khomeini. While refusing to take control of the hostages, Khomeini said that they could have visitors "under the supervision of the authorities." The earlier restrictions he had put on visits wrecked the U.N. commission that was in Tehran to negotiate last month.

Given Khomeini's hint, the U.N. initiative might be revived, but it remained unclear what visitors the militants would permit. They allowed three American clergymen to hold Easter services for some of the hostages, but they feared that emotional reunions between the hostages and their families might furnish propaganda for the U.S. At week's end the Iranian government was trying to make arrangements for visits by the International Red Cross.

The militants maintained that they had not punished the hostages in any way because of the U.S. sanctions. But a spokesman said: "We will reduce the hostages to ashes instantly in case of military intervention against Iran. Otherwise, we shall not lift a finger against them."

The militants did put one hostage in front of a TV camera to make a bizarre, prolonged "confession." Army Staff Sergeant Joseph Subic Jr. thanked the militants for being "more our servants than our captors... They give us magazines, cards and good food. They even do our washing." Then he accused the U.S. embassy of engaging in espionage. He also claimed that an officer had discussed a military coup against the Khomeini regime with a CIA man and some Iranian officers. U.S. officials in Washington dismissed Subic's charges.

Since the Iranians appear to be unrelenting, the U.S. may soon have to consider taking the "other actions" that Carter warned about in his announcement, but the options are limited and none is promising. The Pentagon has ruled out any attempt to make a lightning rescue strike on the embassy; such an attack would most certainly result in the deaths of the hostages

One less ambitious possibility would be a naval blockade, but it is questionable that even that would effectively squeeze Iran. The country has increasingly rerouted its trade to the north by land through the Soviet Union and is doing more business with the Warsaw Pact countries. Says a U.S. Commerce Department official: "There are eight planeloads of Polish meat flying into Iran every day. Iranian airports are littered with cargo planes from Rumania and East Germany. And the Iranians are very resourceful with whatever they get. Villagers in remote areas manufacture sophisticated weapons from car axles—yes, car axles."

Although they were inevitable, given the circumstances, Carter's actions last week left him with an acute dilemma. The steps he took do not seem tough enough to force the Iranians to release the hostages. But if he takes any firmer action, he could drive the Iranians into the arms of the Soviets and perhaps run the risk of arousing Muslim sentiment against the U.S. throughout the Middle East.

At week's end, White House Press Secretary Jody Powell said that the Administration was not planning a blockade and hinted, without specifying what the President had in mind, that Carter might take other nonmilitary action. With the help of U.S. allies, the Administration hopes to put enough pressure on Iran to create fissures in its society and cause an increase in dissident activity that could reduce the crisis. But five months after the crisis began, Jimmy Carter and the Administration still had no real answer to the basic question: How can the U.S. free those hostages? ■

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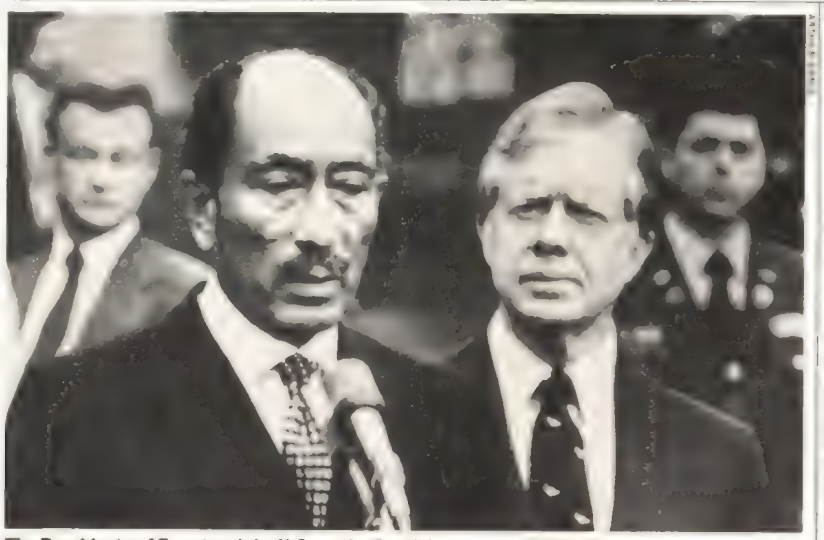

The Presidents of Egypt and the U.S. on the South Lawn of the White House

Now Comes the Hard Part

Sadat leaves and Begin arrives to talk about the settlement

For more than an hour, the two men sat under a magnolia tree in the Rose Garden and talked. Yellow legal pad in lap, Jimmy Carter did more listening than speaking. They met again that afternoon with their advisers present, then by themselves the next morning. The meetings, as Press Secretary Jody Powell observed, were "very warm," and at the state dinner held that night in his guest's honor, Carter himself jokingly alluded to the admiration he felt for his visitor. "I'm thankful one man is not running against me," the President said. "How would you like to run against Anwar Sadat?"

Thus, as expected, the Egyptian President's meetings with Carter in Washington last week proceeded amicably, though the two leaders appeared not to have settled on a strategy to resolve the problem at hand: how to revive the moribund Egyptian-Israeli negotiations on granting autonomy to the 1.2 million Palestinians living in the West Bank and the Gaza Strip. Concerned that the May 26 goal for the autonomy talks, as set by the 1979 Egyptian-Israeli peace treaty, was fast approaching, Carter last month had invited both Sadat and Israeli Premier Menachem Begin to confer with him separately in Washington.

Sadat told Carter that he was prepared to try to ease Israeli fears about military security by working out an arrangement to demilitarize the West Bank and Gaza during a five-year transition period. He suggested that joint Egyptian-Israeli patrols or international forces could keep order. Sadat urged Carter to put pressure on Begin to stop planting settlements in occupied territory on the West Bank. The settlement program, he said, "generates hatred and friction."

When Begin arrives this week to talk with Carter, he is expected to demand, as steadfastly as always, that his country keep its military forces in the occupied lands during the transition period. He also plans to defend, as always, the settlement program: "This is not only our right, but it is our duty to settle. This is an integral part of our national security, and we must settle." To strengthen Begin's hand, the Israeli Cabinet instructed the Premier to discuss only those proposals contained in the Camp David accords, thus technically ruling out any negotiation of the settlement policies. Begin's basic argument is that Israel must protect itself against attack, and it was reinforced last week when Palestinian terrorists struck a kibbutz along the Israeli-Lebanese border.

About the best the Administration can hope for from Carter's talks with Sadat and Begin is that the three leaders will agree to instruct their negotiators —Sol Linowitz of the U.S., Interior Minister Yosef Burg of Israel and Premier Mustafa Khalil of Egypt—to convene in Washington for a final round of intensive negotiating. The May 26 date could readily be waived if substantial progress is being made. But if these tripartite talks turn out to be unsuccessful, White House officials are unenthusiastic about calling another Camp David summit meeting and thus putting the President on the spot to provide a settlement. In this election year, no one in the White House wants to go up to the Catoctin Mountains for some presidential diplomacy unless a round of happy handshakes is promised as the finale. ■

Dour *Tour*

Kissinger gives his world view

The contrast between the two approaches to U.S. foreign policy could hardly have been more marked. President Carter, addressing the American Society of Newspaper Editors, concentrated almost entirely on two specific crises, Iran and Afghanistan, and strongly defended his actions in each. The next speaker, former Secretary of State Henry Kissinger, went far beyond those issues to deliver a sweeping global critique. He charged the Administration with lacking a world view that would produce a consistent policy and offered one of his own in a dour *tour d'horizon* of impressive scope.

"I happen to agree with President Carter that the danger to our country is the gravest in the modern period," said Kissinger. "We are sliding toward a world out of control, with our relative military power declining, with our economic lifeline increasingly vulnerable to blackmail, with hostile radical forces growing in every continent, and with the number of countries willing to stake their future on our friendship dwindling." To reverse these trends, said Kissinger, the U.S. must grapple with four interrelated issues:

1) The Balance of Military Power. It is shifting so rapidly against the U.S., said Kissinger, that in a future confrontation "like that in Cuba in 1962 or the Mideast alert in 1973, it will be the Soviet Union which will possess the quantitative superiority in strategic weapons." The danger, he said, "is less an imminent nuclear attack on us than an increased Soviet willingness to run risks in local conflicts." In such cases, said Kissinger, Soviet superiority in conventional arms could no longer be offset by a credible threat of U.S. nuclear retaliation. "The present Administration has compounded the problem by systematically deprecating the role of power, by canceling or stretching out every strategic program it inherited."

2) The Geopolitical Equation. Said Kissinger: "By this I mean the alignments and assessments that determine whether moderates friendly to us or radicals hostile to us dominate key regions; whether our alliances are vital or sliding toward lassitude." He left no doubt which way he thought the tide was running: "Precariously situated countries in the Middle East see the Soviet-supported Cuban advance coming up through Africa to Ethiopia right across the Red Sea. To them the Soviet invasion of Afghanistan now overshadows the Persian Gulf like the northern arm of a great pincer. And they see no effective resistance. Somewhere, somehow, the United States must show that it is capable of rewarding a friend or penalizing an opponent." Otherwise, he said, the "inevitable effect is to accelerate the demoralization of all moderate allies,

driving friends toward neutralism and neutrals toward radicalism."

3) Revolutionary Upheaval. The Carter Administration, said Kissinger, has encouraged revolts against right-wing regimes in the belief "that by demonstrating our moral values and concern for human rights we will gain the approbation of mankind and thus outflank the Soviets. [But] reality is more complex. It is a hard fact that some societies whose security is vital to us—particularly in the Persian Gulf—are governed by authoritarian conservative regimes." While the U.S. should not defend the status quo everywhere, "Iran should teach us that humane values are not necessarily served by the overthrow of conservative regimes."

4) U.S.-Soviet Relations. "We have confused the Soviet leaders by inconsistent pronouncements and unpredictable reactions. We repeatedly rejected 'linkage,' which would have made progress in areas in which the Soviets had a stake, such as trade or SALT, dependent on Soviet restraint in exploiting tensions. [But] when Soviet troops moved to the Khyber Pass, we suddenly rediscovered linkage with a vengeance." In negotiations with the Soviet Union, the U.S. should try to "spell out the limits of acceptable conduct," offering concessions only after making clear that "the era of proxy forces, military pressures and encouragement of terrorists must be ended."

In conclusion, Kissinger held out one hope: in five years or so, "the certainty is that Soviet domestic problems will mount" and limit foreign adventurism. "The Kremlin's dilemma is that one cannot run a modern economy with total planning, but it may also be impossible to run the Soviet system without such planning." But that hope also implies a threat: the Soviets will be tempted to push their advantages to the limit in the intervening period. So in the next five years, Kissinger warned, "we face a period of maximum danger." ■

Victory at Home

U.S. Olympians bow to Carter

In his speech to the newspaper editors, Carter escalated his campaign to win a diplomatic victory on the home front over an unlikely foe: the American athletes who still wanted to go to the Olympic Games in Moscow this summer. The President said that a decision by the U.S. Olympic Committee to send a team would harm American interests by seeming to condone the Soviets' invasion of Afghanistan. Said Carter: "If legal actions are necessary to enforce the decision not to send a team to Moscow, I will take them." No need. Meeting in Colorado Springs, Colo., the U.S.O.C. voted, by more than 2 to 1, to honor the President's request and not send anyone to the Summer Games. ■

The Presidency/Hugh Sidey

Too Good a Samaritan

It may come to pass that the Bible will be recognized as a dubious guide to the exercise of power. The Bible is, of course, President Carter's basic manual. Were he more inclined to the thunder of the Old Testament, the U.S. might have a better global position. But Carter runs to the New Testament, wherein the meek inherit the world, turn the other cheek, love enemies, are first by being last, and find strength made perfect in weakness.

In personal terms, there is no better instruction. However, the Good Samaritan on the dangerous road of modern leadership who stops too long to minister to a few fallen persons (the hostages) may harm his nation—or never get to his destination. Turning away from evil (the Shah) may invite a greater evil (the Ayatullah Khomeini). Soviet Defense Minister Dmitri F. Ustinov seems to be inheriting more of the world than are the meek.

This is, in a profoundly real way, Jimmy Carter's problem. He is so personally and mercifully tied up with the small things and the individual people he meets at whatever level, from the street to the throne, that he cannot act when the larger realities of the world require him to risk lives and fortunes. For all the President's bluster and fuss over three years, he has not taken a single real step across that Rubicon of power, where there is risk, where the solution lies in moving determinedly ahead with no lines of retreat to the old comfortable campground of the status quo.

BETTMANN ARCHIVE

Moses breaking the Tablets of the Law

Some friends wonder if he is spiritually and intellectually capable of performing that tougher role. Carter clings to his conviction that there must be a way through prayer and good will to let the cup pass.

Letting the cup pass may be, as former Defense Secretary James Schlesinger insists, a greater risk than drinking from it. Carter's own record in foreign affairs suggests the same: the more hesitant he has been, the more trouble has come his way.

The modern presidency certainly shows that everyone from Roosevelt to Ford has crossed that difficult line in varying degrees. Roosevelt, of course, had World War II. Truman's doctrine of aid for Greece and Turkey was not bellicose but bold. Kennedy directly confronted the Soviets in Cuba. Nixon's ultimatum on the sub base in Cuba had the desired effect without a shot being fired. Ford sent the Marines after the *Mayaguez* pirates.

When Carter threatened in January to use force if the Soviets headed toward the Persian Gulf, he seemed at last to have entered the world of action. But his subsequent hesitations over acquiring bases in the area made it seem that he was again trying to avoid that world. Carter is obsessed by his claim that not a single American boy has died because of any of his orders. This attitude obscures the fact that his uncertain trumpet has surely encouraged the Cuban mercenaries in Africa, the Soviet dislocations in Ethiopia and the invasion of Afghanistan. All produced death and suffering for others. Now we are in danger of being pushed toward a conflict that could horribly mock Carter's self-righteousness.

The President's conviction that his personal grace could find a heart beneath Leonid Brezhnev's iron crust led to his massive miscalculation about Soviet intentions, as Carter has been frank to admit. But the conviction still inhibits him from devising a doctrine to counter the Soviets, and acting on it.

Last week, as he greeted Anwar Sadat on the White House lawn, the light in Carter's eyes showed that the President was again in the intimate dimensions he relishes. This week he will cozy up to Israel's Menachem Begin. By every measure, we head toward a time when the U.S. and free world interests in the Middle East should be more clearly defined and asserted. The greater probability and danger is that Carter will not be able to do it.

What Makes Teddy Run?

Liberal convictions, and a refusal to admit defeat

The heat from fiery red ingots rose in shimmering waves, and smoke drifted through the air, as Senator Edward Kennedy stood on a platform in the middle of the Universal-Cyclops Specialty Steel mill outside Pittsburgh. Shouting through a bullhorn above the clangor of the plant, he told a crowd of 200 workers that President Carter's proposed budget cuts would reduce safety inspections of steel mills. Roared Kennedy: "I'm not going to let them take that protection away from the steelworkers. He [Carter] ought to come out of that Rose Garden and talk with some of those steelworkers." The mill hands shouted, "Come on Teddy, come over this way!" and held up hard hats for him to autograph.

That scene last week illustrated one of the odder paradoxes of this strange political year. Heading into the April 22 Pennsylvania primary that he must win to retain even a long-shot chance for the presidency, Teddy Kennedy has reversed the usual candidate's emotional progress. At the start of the race last fall, when most other politicians would have been brimming with enthusiasm and energy, Kennedy went through the motions of campaigning so ineptly that many observers suspected that his heart was not really in the effort. Now, after a series of bruising defeats that might have broken the spirit of many another politician, he has at last become a forceful, zesty campaigner.

It probably is too late. To overtake Carter's enormous lead in delegates (957 to 464) to the Democratic nominating convention in August, Kennedy would have to win roughly 63% of the delegates yet to be chosen. Such landslides would be difficult in almost any state and virtually impossible in the West, where his liberalism has little appeal

Still, Kennedy is determined to reverse the tide, and Pennsylvania is almost made to order for him. It is a heavily unionized state with large Catholic, black and ethnic voting blocs that are traditionally receptive to liberal appeals. There is no "cross-over" voting; anti-Carter Democrats cannot stray to the Republican primary, as they have in some states, but must either mark their ballots for Kennedy or stay home from the polls. Indeed, Carter's private polls last week showed Kennedy with a slight lead.

But the situation could well be reversed by primary day; while voters may be souring on Carter, they have shown in primary after primary that they have not set aside their doubts about Kennedy's character. The Senator encounters the Chappaquiddick issue almost everywhere he goes. Last week in the heavily Polish Port Richmond section of Philadelphia, a crowd of several hundred mobbed him. Janet Tokarski presented him with a basket of colored Easter eggs, and an elderly man sprinkled him with rose water, to the momentary alarm of the candidate's Secret Service bodyguards. Near by, however, Gus Makowski, 44, grumbled, "He's good with the older people, but this kind of stuff won't get my vote. He hasn't been honest enough." Much as the so-called character issue hurts, Kennedy will not even discuss it with his aides. In his view, he can overcome it only by speaking enough about other issues to get voters to forget it. Questioned about whether he is being hurt by Chappaquiddick, he squirms uncomfortably and replies: "Yes, but the decisive issue in this campaign is the state of the economy." Then he launches into a forceful litany of his economic views, again displaying his new style.

SAL DI MARCO JR.

Kennedy chatting with shipyard workers in Chester, Pa.

"Now I'm coming into the play-offs and the Super Bowl."

The contrast with Kennedy's earlier bumbling performance could not be more startling. Last fall and early winter, he sometimes seemed to lose his concentration in the middle of a speech and wander through rambling, almost incoherent sentences. Now he raps out short, crisp remarks, sometimes punching at the air like a boxer for emphasis, and spices his delivery with sarcastic wit. Deriding Carter's claims that decontrol of oil prices will spur more domestic exploration for petroleum, he notes that Mobil several years ago used some of its rising profits to buy Montgomery Ward. He asks: "How much oil do you think they'll discover drilling in the aisles of Montgomery Ward department stores?"

Last November Kennedy seemed nonplussed when asked by CBS Interviewer Roger Mudd how his policies as President would differ from Carter's. Now he sets out a liberal agenda: wage and price controls, gasoline rationing, continued efforts to achieve détente with the Soviets. This is far different from Carter's programs, and Kennedy sticks to it doggedly, despite the national conservative tide. He insists that balancing the budget will not do much to curb inflation, and he assails proposals to cut social spending: "We cannot fight inflation on the backs of the poor, the elderly, the working people." He continues to push his expensive plan for national health insurance (an extra $28.6 billion a year, by his own estimate). Said he in Johnstown: "If free health care is good enough for the members of Congress, it's good enough for the people of Johnstown." Though his advocacy of handgun control hurt him badly in the New Hampshire primary, he repeats it in Pennsylvania, a state with many ardent hunters. Says he, while stressing that he is not talking about hunting weapons: "My family has been touched by violence, and I'm not going to retreat on this issue."

Each day Kennedy zips through a grueling schedule with energy that belies the constant pain of his aching back, a consequence of an airplane crash in 1964. Returning last week from a day of campaigning in Baltimore, he was so stiff that he could barely walk into his home in McLean, Va.; nonetheless, he plunged soon afterward into crowds at a fund-raising event. In one primary or caucus after another, he has shrugged off defeat with enough humor and grace to win the admiration of political opponents. "You have to respect him for it," says an aide to Republican Front Runner Ronald Reagan. "He is not a whiner."

The change began immediately after Kennedy's crushing 2-to-1 defeat by Carter in the Iowa caucuses on Jan. 21. The shock of the loss ended Kennedy's hope that the power of his name and his vague promises to exert more "leadership" than Carter would give him the nomination. The Senator decided to return to his liberal roots. If he were to lose in the end, he later said, he would at least "go down honorably," taking positions on issues in which he believed. In a speech at Georgetown University on Jan. 28, he set out a detailed liberal program that he has stuck to ever since.

Kennedy also decided to rely more on his political instincts than on the advice of his aides. They had, for instance, urged him to read his speeches and shun ad libbing. As a result, his delivery was disastrously wooden. Kennedy now has gone to

the other extreme. Not only does he frequently speak extemporaneously, but he runs what is virtually a one-man campaign, determining each night what he will say the next day, and often abruptly changing his schedule. But there was no indication that his improving style was paying off until he won in Connecticut and New York on March 25. By then, he had lost 583 more delegates to Carter.

What keeps Kennedy going? It is not sheer love of politicking. He leads a lonely life on the campaign trail, traveling with no more than three aides. An intensely private man, he eats many a dinner alone in a hotel room. Early in the race, he confessed to a companion that "the fun has gone out of campaigning." On another occasion, he said with a sigh: "I sometimes get tired of hearing myself speak." Some aides speculate that he is driven to carry on a family tradition. A few observers even theorize that he is seeking some sort of expiation and forgiveness for personal shortcomings by speaking for principle through a losing campaign.

Kennedy snorts disgustedly at such armchair psychoanalysis. His own explanation is much simpler. First, he genuinely believes in the Democratic Party's liberal traditions, and thinks that if he does not speak up for them nobody else will. While preparing to deliver a speech to newspaper editors in Washington last week, he mused that Carter and many other Democratic politicians were "wavering" dangerously, bending their efforts toward "catching up with the prevailing wind" of conservatism. In the speech, he called Carter "a pale carbon copy" of Ronald Reagan.

Though Kennedy assails Carter's policies with growing harshness, he does not criticize the President personally, even with his closest advisers. One aide says that when Kennedy watches Carter make a point on TV, he smiles or nods ruefully, but never says anything disparaging. Nonetheless, he has made it clear that he believes Carter is incompetent and that he would make a better President.

Moreover, against all the evidence, Kennedy clings to a belief that he can still win the nomination. Puffing on a cigar aboard his campaign plane, a lumbering Fairchild nicknamed (by Kennedy) "Flim-Flam One," he declared last week: "I don't even think about losing." In an interview with TIME Correspondent Johanna McGeary, he added, musing about the change in his own style: "It's sort of like a training program. I spent a long time in training. Now I'm coming into the play-offs and the Super Bowl." He insists that continued bungling by Carter eventually will make the Democratic Party realize that it must not renominate the President. Then, Kennedy believes, the convention will turn to him. It is a faint hope indeed, but one that keeps him campaigning, adding spice to what otherwise might turn into a dull campaign. ■

New York Rolls Again

Now the city must pay for the transit strike

Wednesday did it. More than three inches of rain soaked pedestrians, bicyclists and roller skaters on the streets of New York City. They sloshed to work in the morning through ankle-deep puddles and returned home that evening in a tropical downpour. Cars and school buses clogged the streets. At one point, police in Manhattan narrowly averted a "grid lock," the ultimate traffic jam, in which no motor vehicle can move in any direction. An angry bicyclist bit a policeman; an upset motorist tried to run down a policewoman. It was the ninth day of the transit strike, and the élan that New Yorkers had shown in the first week of the walkout had washed away.

The sour mood was shared by the 33,000 striking transit workers. A judge fined them $1 million and, under the state's Taylor Law, they were being docked two days' pay for each day that they stayed out. This meant that the workers had lost about half the raises that they could hope to get in the first year of a new contract. The pressure was on union leaders to settle the dispute, and on Friday it ended, at least temporarily. Union Leader John Lawe ordered his members back to work. In the meantime, the workers, who earn an average of $18,500 a year with overtime, will vote by mail on whether to accept the Metropolitan Transportation Authority's final offer. It was for a 9% wage increase in the first year of the contract and 8% in the second year —roughly the same pay increase that the union probably could have obtained without a strike. In addition, the M.T.A.'s package contains several cost-saving provisions, including cutting down on overtime. Complained David Rubinstein, a conductor and dissident union member: "Something is wrong here, and something stinks."

The final cost of the settlement was not yet known, nor was the fate of the 50¢ bus and subway fare, which may have to be raised by 10¢ or 15¢. In any event, New Yorkers have already paid dearly.

Mayor Edward Koch's aides estimated that firms lost about $100 million each day. The walkout cost the city about $3 million a day in lost sales taxes and other revenue, as well as overtime pay for police and firemen. Some of that loss, however, will be offset by the daily savings of $2 million from not operating the transit system and by the Taylor Law penalties.

But the biggest toll was paid by the elderly and the poor who lived too far from their jobs to walk and could not afford cabs. Anna Mack, 53, drove to her job as a cleaning woman in Rockefeller Center and had to pay parking fees of $8.50 a night, equal to about one-fourth of her take-home pay. A quarter of the city's garment workers, most of them nonwhite and poor, could not get to their jobs

Koch denounced the settlement as too costly. "The city won the battle in the streets," he said. "The M.T.A. lost it at the bargaining table." He fears that the municipal unions—firemen, police, sanitation men and teachers—will make even greater demands of the hard-pressed city when they begin contract negotiations in June. By his feisty leadership, Koch rallied the public behind him during the transit strike. He will need that support in the labor battles ahead. ■

Rain-drenched cyclists riding through Herald Square in Manhattan

Still unsettled: a possible hike of the 50¢ bus and subway fare.

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Bert Testifies

Of Elsie and a cow named Spot

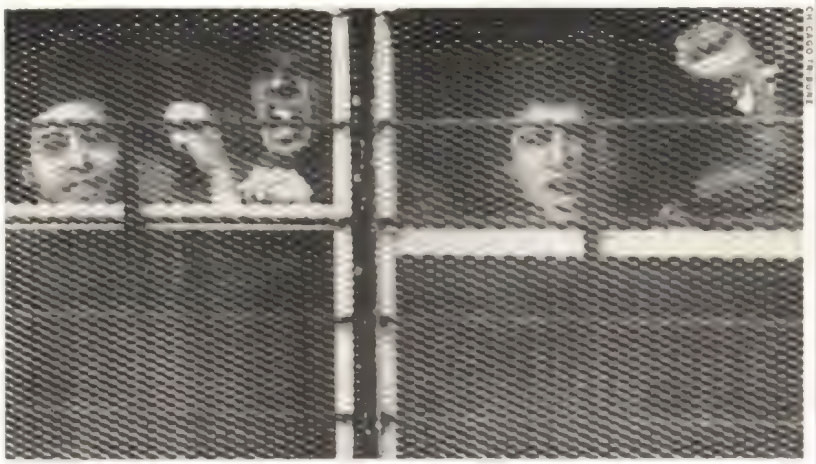
Wearing a blue suit and a basset-hound expression, the burly man sat calmly last week in the witness chair of Atlanta's federal district court, facing the jammed courtroom. "My name is Thomas Bertram Lance," he boomed out. Thus, 2½ years after he was forced to resign as Jimmy Carter's Budget Director, eleven months after he was indicted for bank fraud and three months after his trial began, Bert Lance finally got his day in court.

Alternately folksy and business-like, he denied the Government's charges that he had misapplied bank funds and filed misleading financial records to obtain about $1.3 million in loans. He stoutly defended his banking practices, reminiscing about the lesson he had learned in his first banking job, as a $90-a-month teller at the Calhoun (Ga.) First National Bank. One of his customers, Elsie Goforth, regularly put up a Guernsey cow named Spot as collateral on $100 loans. Once she defaulted and, to Lance's horror, showed up at the bank to surrender Spot. Said Lance to the laughing jurors: "I learned that collateral is not all it's cracked up to be."

He kept that lesson in mind, he explained, as he rose in the banking world to president of the Calhoun Bank and later to president of Atlanta's National Bank of Georgia. He made many unsecured loans, figuring that "the borrower's character means more than anything else." The loans cited in the indictment include one for $45,000 to his wife LaBelle and another for the same amount to his son David, then 19. Under cross-examination by Prosecutor Edwin Tomko, Lance insisted that since both LaBelle and David were good credit risks, there was nothing improper about the loans, nor, he said, was there anything wrong with any of the other unsecured loans that he made to relatives, friends and associates.

Lance's defense was buttressed by testimony from a series of character witnesses. The first was his best friend's mother: Lillian Carter, 81, who told the court that the defendant had a reputation for "honesty, integrity and truthfulness." In addition, Judge Charles A. Moye Jr. dismissed 13 of the 33 counts against Lance and his three co-defendants, including the most serious charge of conspiracy. This raised the ex-banker's hopes of acquittal. Of that, said Lance, "I'm as confident as the day I walked into this courtroom." ■

Defendant Lance



Suspected Puerto Rican terrorists gesture defiantly as a police van takes them to jail

Hoping the Bombs Have Stopped

Police believe that the F.A.L.N. has been crushed

One by one the six men and five women were dragged or carried by deputy sheriffs into Judge William Kelly's heavily guarded courtroom last week in Evanston, Ill. They claimed to be freedom fighters and demanded to be tried in military courts. "I am a prisoner of war," screamed Carlos Alberto Torres, 27, who had been on the FBI's Most Wanted list since 1977. Impassively, Judge Kelly ordered the defendants held for arraignment this week. As Torres was hauled off to Cook County Jail, he shouted: *"¡Viva Puerto Rico libre!"* Outside the building about 50 supporters waved red flags and chanted: "Drive the Yankees to the sea; Puerto Rico will be free."

Carlos Alberto Torres

So ended the chaotic hearing for eleven suspected terrorists whose arrest, law-enforcement officials believe, broke the back of the the Fuerzas Armadas de Liberación Nacional (F.A.L.N.), a small, secretive and extremely violent group on the fringe of the tiny political movement for Puerto Rican independence. Since 1974 the F.A.L.N. has claimed responsibility for more than 100 bombings in Chicago, Miami, New York City, Washington and Puerto Rico, killing five people and injuring at least 70 others.

Police and the FBI have tried for years to track down the two dozen or so members of the band, but with no success. Then came two lucky breaks on April 4 in Evanston, a wealthy suburb of Chicago. That afternoon, two men wearing dark coats, sunglasses and fedoras stole a white van at gunpoint from the local office of Budget Rent-a-Car. Half an hour later, police spotted the truck on the campus of Northwestern University and arrested a man and a woman who were carrying pistols.

That same afternoon a woman notified police about the strange behavior of several joggers in her neighborhood of $500,000 houses near Lake Michigan. For half an hour, the men and women had trotted up to a parked van, climbed inside and then run off. Her suspicions were aroused when she spotted one of them smoking a cigarette. As police questioned the joggers and several companions, one man's mustache started to fall off. "Everybody down!" ordered the officers as they drew their guns and arrested all nine of them.

When searched, the purported runners were found to be wearing street clothes under their jogging togs and carrying pistols. In the van, officers discovered a sawed-off shotgun, a rifle, several hundred rounds of ammunition and radio equipment. Just what was up is still a mystery, but Police Chief William McHugh is convinced that "something bizarre and dangerous was imminent." The eleven were all charged with theft and unlawful use of weapons; one of them was also charged with armed robbery.

Later in the week, using leads turned up in the arrests, police and FBI agents raided two F.A.L.N. hideouts, in Jersey City, N.J., and Milwaukee. They seized guns and bombmaking equipment. Police also found a diagram of New York's Madison Square Garden, the site of this summer's Democratic National Convention.

A few other known F.A.L.N. members are at large. Law-enforcement officials say that only time will tell if they are right in believing that the F.A.L.N. has been crushed. Said an FBI official: "If the bombs stop, then we'll know." ■

DIPLOMACY

Now It's Iran *vs.* Iraq

Clashes and provocations between two hotheaded Persian Gulf neighbors

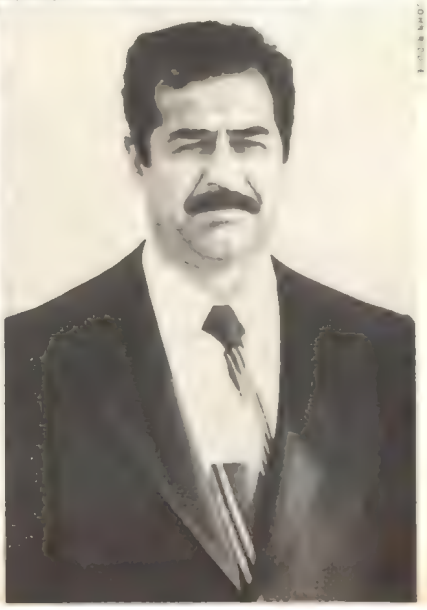
Though it remained essentially a propaganda war, the quarrel between those traditional rival powers of the Middle East, Iran and Iraq, threatened last week to turn into open warfare. Following several days of mounting tensions, sporadic clashes broke out across the 700-mile Iranian-Iraqi border. Then, to the momentary alarm of capitals around the Middle East, an air battle erupted in the border area between Iraqi helicopter gunships and several Iranian Phantom jets and helicopters. There were also reports of increased military activity at Iraq's two main naval bases: Basra, on the Shatt al Arab, and Umm Qasr, at the northern tip of the Persian Gulf. Since more than 50% of the West's oil supplies originate in the gulf area, this confrontation was a new worry for the U.S. and its allies.

To confuse matters, through prisms of regional absurdity, the propaganda weapons of both regimes were busy attacking not only each other but the U.S. as well. The Ayatullah Ruhollah Khomeini, the stridently abrasive spiritual leader of Iran's revolution, called for international help in opposing "Zionist Iraq and the U.S." At the same time, the official newspaper of Iraq's Baathist ruling party blamed Iran's unruly actions on "the U.S., international Zionism, the Sadat regime and all the signatories to the Camp David accords."

Relations between Iraq and Iran have been deteriorating ever since the Iranian revolution brought Khomeini to power last year. One of the more curious aspects of the tensions is that Khomeini spent 13 years in exile in Iraq, preparing for the uprising that eventually ousted his enemy, the Shah. But in 1978, apparently as part of a continuing effort to improve its often tempestuous relations with the Shah, Iraq's government asked Khomeini to leave the country, thereby obliging him to spend the last four months of his exile in France. Khomeini has neither forgotten nor forgiven that insult. Last week he openly urged Iraqis to "wake up and topple this corrupt regime in your Islamic country before it is too late." With comparably strong provocation against the Iraqi government, headed by President Saddam Hussein, Iranian President Abolhassan Banisadr said that Iran welcomed the opportunity of "liberating the people of Iraq from this puppet of Zionism and U.S. imperialism."

The Iraqi government is extremely vulnerable to such pressure. In the first place, its political and military leadership is largely Sunni Muslim, while over half of Iraq's 12.8 million people are Shi'ite Muslims who share a sense of community with their religious brethren in Iran. Moreover, the Baghdad regime is Baathist, and the Baath Party, both in Iraq and Syria, favors secularism, social reconstruction and economic development. To make matters worse, Iran has reportedly been inciting the Kurds in northern Iraq to rebel against Baghdad. For their part, the Iranians suspect that the current border troubles are being aggravated by Iranian exile groups, including some rebels loyal to the Shah's last Prime Minister, Shahpour

Iran's President Abolhassan Banisadr, at Tehran rally, threatening the overthrow of the Iraqi regime; Iraq's President Saddam Hussein



Bakhtiar, who fled Iran last year and is now living in France.

The current dispute is also territorial. Its focal point is a group of three small islands—Abu Musa, Greater Tunb and Lesser Tunb—that lie near the mouth of the Persian Gulf. These strategically placed islands have traditionally been claimed by the United Arab Emirates, but in 1971 they were seized by the Shah's forces, following Britain's military withdrawal from the gulf. Iraq has vowed to bring the islands back under Arab control, meaning Iraqi control, and on this point enjoys the support of the entire Arab world. Comments Kuwait's influential newspaper *al Qabas:* "As Arabs we cannot but be on the Arab side—that is, the side of Iraq."

An Iraqi attack on the islands would probably lead to outright war with Iran. In that event, it would be hard to predict the outcome of the struggle. Iraq's population is only a third the size of Iran's, and Baghdad would suffer from the fact that the three disputed islands lie 490 miles away from its border, at the opposite end of the Persian Gulf. On the other hand, Iraq's armed forces are believed to be the second most powerful in the region, after Israel's, while those of Iran have lost manpower, equipment and morale since the revolution.

Caught in the current squeeze is the Baghdad government of Saddam Hussein. It has had long and close links with the Soviet Union, but has recently been seeking ways to improve its relations with the West and particularly the U.S. The Carter Administration has considered approving the sale to Iraq of engines for gunboats that Baghdad has ordered from France and Italy. The proposed sale has drawn criticism from several Congressmen, on the grounds that Iraq has supported Palestinian guerrillas against Israel, including the terrorist group that last week attacked Israel's Kibbutz Misgav Am *(see following story)*. Beyond that, Administration experts are said to be divided over the question, with some arguing that the U.S. should seize the opportunity to improve ties with Iraq, while others fear that such action could make Washington's relations with Tehran even worse than they already are.

The dispute between Iran and Iraq is profoundly embarrassing to the Palestine Liberation Organization, which enjoys the support of both countries. In fact, P.L.O. Chairman Yasser Arafat visited Baghdad last November in an effort to convince Iraq not to try to seize the disputed islands; he also visited Riyadh and asked the Saudis not to support such a move. Arafat has even offered to mediate the present dispute, but so far to no avail. Last week neither side appeared to be in any hurry to cool off. Retorted Saddam Hussein in response to Iran's threats to destroy his regime: "Whoever raises a hand against Iraq will have his arm chopped off." ■

Begin, Wife Aliza and Defense Minister Ezer Weizman at funeral for slain kibbutz members

MIDDLE EAST

Back Across Lebanon's Border

But this time, a bloody raid gets a bloodless Israeli response

Israeli army units last week moved into southern Lebanon, by now familiar territory to them, in response to a terrorist attack on one of their border settlements. An Israeli assault force probed several miles into the war-torn country with armored personnel carriers, bulldozers and more than 300 troops. The armor quickly fanned out into the six-mile-wide border enclave controlled by Israel's Lebanese Christian Militia allies. Other Israeli units, mostly infantry, moved farther north, along areas patrolled by the 6,000-man United Nations peace-keeping force that has been deployed in southern Lebanon for the past two years

The Israelis' declared intent was to protect their northern settlements from Palestinian guerrilla raids that both the U.N. and the Christian Militia forces seemed powerless to stop. Unlike their previous search-and-destroy missions into Lebanon last May and September, however, the Israelis' foray this time was bloodless. Then, by week's end—in a surprisingly cooperative response to U.N. entreaties and some arm twisting from Washington—they began to withdraw.

The incursion had been provoked by a raid early last week on the northern kibbutz of Misgav-Am on the Lebanese border. Seizing six hostages in the kibbutz nursery, they demanded the release of several Palestinian prisoners from Israeli jails. Following an abortive predawn rescue attempt, Israeli troops stormed the concrete dormitory. They killed all five terrorists and saved all but one of the hostages: a two-year-old boy who had apparently been killed in the original raid. One Israeli soldier and the kibbutz secretary also died in the attack.

The kibbutz raid was the work of the Arab Liberation Front, an Iraqi-based organization affiliated with the Palestine Liberation Organization. The timing could hardly have been worse for the Palestinian cause, which has lately been gaining support on the diplomatic front while downplaying its terrorist image. P.L.O. officials in Beirut indicated that they had not even been forewarned of the attack.

The incident nonetheless nourished the claims of Israeli Premier Menachem Begin and his hard-lining supporters, who contend that full-fledged self-determination on the West Bank would lead to a P.L.O. state and a permanent threat to Israeli security. To dramatize that message, at the funerals for the slain kibbutz members, Begin declared: "We are no longer defenseless. Permit me to say we have a really magnificent army—you saw it yesterday." Within 48 hours of the kibbutz rescue operation, the Israeli army had rolled across the Lebanese border.

In a stiff protest against the incursion, Lebanon's U.N. Ambassador Ghassan Tueni accused Israel of an "insolent violation" of Lebanese territory. But U.N. officials postponed action while Secretary-General Kurt Waldheim wrote Begin a personal letter of intercession. The U.S. State Department, meanwhile, sternly reminded Israel that its action was in conflict with American policy in support of Lebanese sovereignty. These combined pressures evidently proved effective: on Friday an Israeli army spokesman announced that the government had "begun to withdraw from southern Lebanon those of its forces that have completed their missions." The State Department was assured that the pullout would be completed within days. And with that, when Begin flies into Washington for talks with President Carter this week, at least one source of dissension will have been removed. ■

CUBA

Fleeing from Fidel's Rule

Thousands besiege the Peruvian embassy demanding asylum

It was one of the most dramatic protests against the austerities and repression of life in Cuba in years. Last week more than 7,000 men, women and children poured through the gates and clambered over the walls of the Peruvian embassy on Havana's spacious Avenida Quinta, demanding asylum. Some accounts put the figure as high as 10,800. There they remained through a week of tension and confusion as Latin American diplomats agonized over what to do with them.

Some of the fortunate found relief from the tropical sun under the spreading leaves of mango trees in the embassy gardens. But others were overcome by sunstroke and dehydration. Dozens of children lay sprawled on the cool terrazzo floor of the two-story mansion, while one mother nursed her newborn baby, aptly named Peru. "There are people in the branches of the trees, on top of the mangled iron gate and even on the roof of the embassy," wailed one beleaguered Peruvian official. "There's not enough room for one more person."

The headlong rush for freedom was touched off after six asylum-seeking Cubans in a bus rammed through the embassy gate; in the fracas, a policeman was killed. Cuban authorities subsequently announced that they were withdrawing their guards from the embassy. Havana has had an ongoing dispute with Peru and other Latin American countries over their policy of granting political asylum to gate-crashing Cubans who manage to gain entrance to their embassies. There is some suspicion that in withdrawing guards from the Peruvian compound officials knew what would happen: thousands of unhappy Cubans from every walk of life began streaming into the 20-acre embassy grounds. Declared Radio Havana: "If the government of Peru wishes to receive in their country all the antisocials and bums, we will be glad to authorize them to leave our country and also those who are ideologically in disagreement with the revolution and socialism."

On a visit to the embassy, President Fidel Castro told the asylum seekers that they would all be given visas to leave if other countries would accept them. He also assured them that they could move freely out of the embassy, but many refused to budge, fearful that they would not be readmitted or would be beaten up by the pro-regime bullyboys who waited just outside. Meanwhile, Peruvian officials, pleading that they could not possibly accommodate all the refugees, called an emergency meeting of the Andean pact nations. At week's end all five members —Venezuela, Ecuador, Colombia, Bolivia and Peru—as well as several other countries offered to take in the refugees. The U.S., which has admitted 800,000 Cubans since Castro came to power in 1959, will accept a "fair share of the refugees," said a State Department spokesman.

This was not the first time that Castro had found an escape hatch to rid Cuba of potential troublemakers. Observers recalled last week that he had acted similarly back in 1965, in the midst of serious unrest and economic troubles. At that time, he decided to open the port of Camarioca on the north coast. Flotillas of boats from Florida promptly moved in as Cuban exiles came to pick up their relatives. The port opening eventually led to the "freedom flights" sponsored by the U.S. Government that by 1973, when the airlift ended, had transported some 270,000 Cuban refugees to the U.S. Last month, in fact, Castro hinted that he might again open a port to allow Cubans to leave at will.

Cuba's 9.8 million people have unquestionably fallen on hard times. In a lengthy speech last December, the Cuban president described his country as "sailing in a sea of difficulties." He delivered a litany of economic woes and other problems besetting the country. Chief among them is the fact that, despite efforts to develop fishing and citrus industries, Cuba is still tied to the boom-and-bust cycle of the sugar market. Sugar prices dropped from a high of 60¢ per lb. in 1974 to 10¢ per lb. last year. In addition a severe blight destroyed most of the tobacco crop last year, shutting down cigar factories. Cuba now actually imports tobacco from Spain for domestic consumption.

Because of the lack of foreign exchange, goods from the West have all but disappeared. Those from the Soviet bloc are scarce and expensive. Rationing is severe and strictly enforced. City dwellers, for instance, are allotted only 12 oz. of meat every nine days; consequently, fresh beef brings $10 per lb. on the burgeoning black market. Even black beans, a staple of the Cuban diet, are in short supply.

Cuba specialists in Washington explain that some 100,000 expatriates have recently returned to the island for visits, and this has served to point up the hardships of those who remained in Cuba. Says an Administration official: "The presence of conspicuously consuming relatives from Miami with their tales of steaks, automobiles and air conditioning made the austerity much harder to take." The scarcities have spawned some wry humor. Taxis are so hard to get that they are referred to as "the uncapturables." Buses are likened to aspirin—take one every four hours.

Washington analysts do not believe the exodus at the Peruvian embassy represents any fundamental threat to Castro's regime. They point out that there have been no signs inside Cuba of militant opposition to the revolution since the mid-1960s. Says Riordan Roett, Latin American specialist at Johns Hopkins University: "The stability of Castro's regime is not by any means threatened by the prospect of popular uprising." Probably not. But Castro's influence, especially in view of his ambitions to leadership in Latin America, has hardly been enhanced. ■

Cubans seeking asylum mill around the grounds of the Peruvian embassy in Havana

Some found relief under mango trees; others suffered sunstroke and dehydration.

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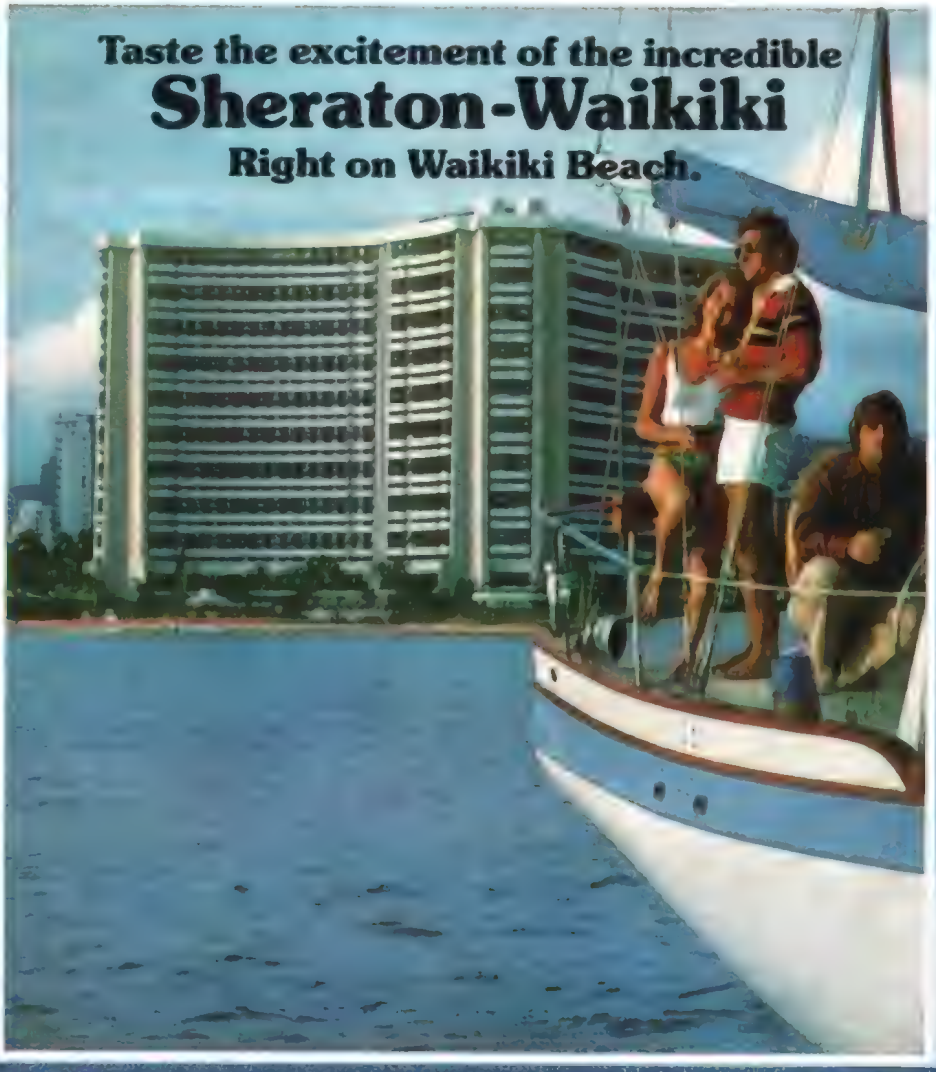

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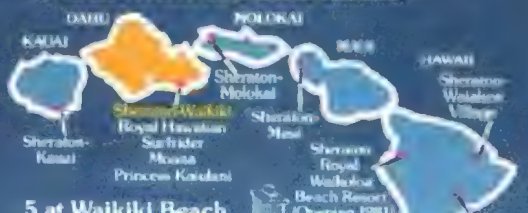

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East German airliner brings wounded Nicaraguans to East Berlin for treatment

EAST GERMANY

Here Come Europe's Cubans

The Honecker regime offers "brains rather than bodies"

They fly wounded Afghan soldiers out for treatment to their own sophisticated medical facilities. They supply the Vietnamese with everything from military hardware to sewing machines. They advise and train Ethiopia's troops and police and provide the machinery for its new security and intelligence apparatus.

These ubiquitous benefactors of Third World countries are neither the Soviets nor the Cubans but the East Germans. In manifold ways that have been little noticed in the West, the German Democratic Republic has been extending its political reach around the globe. At least 5,000 military and civilian cadres are operating in more than a dozen different nations, dispensing an estimated $20 million in annual military aid and an additional $300 million in economic assistance. Western intelligence agencies discount rumors that East German soldiers and pilots have periodically fought alongside southern African rebels or with the troops of Marxist states like Angola. But no one disputes the fact that East Germany's noncombat military role—as a provider of matériel and advisers—by now equals that of Cuba, and that its political role is even more active than Havana's.

East Germany, in fact, has deservedly been called Europe's Cuba because of the surrogate role it performs on behalf of Soviet overseas policy. Hundreds of millions of marks are poured into Viet Nam, for instance, out of ideological duty rather than any visible profit. In other countries, especially in black Africa, East Germany is obviously acting for its own political prestige and economic gain. For example, it is able to sell profitable quantities of manufactured goods, which are well made but simply not sophisticated enough for European markets.

Currently, East German economic aid and military assistance extend to countries on three continents.

ASIA. East Germany's most recent aid efforts have supplemented the Soviet occupation of Afghanistan. Planes from the GDR have flown medicine and other supplies to Kabul, and have started to return to East Berlin a number of Afghan wounded. East Germany is reportedly helping the Kabul government revamp and upgrade its secret police apparatus, which has been in disarray since the December invasion. East Germany's assistance to Viet Nam dates back to the 1960s, and has multiplied ever since. Annual aid to Hanoi now totals tens of millions. East German assistance has also extended to Hanoi's client regime in Cambodia. Last month President Heng Samrin flew to East Berlin from Phnom-Penh to sign a 25-year friendship treaty.

LATIN AMERICA. East German largesse has been concentrated on Nicaragua, where the revolution last year provided an obvious target of political opportunity. Barely a week after Dictator Anastasio Somoza had fled the country, East German medical and economic assistance teams were in Managua establishing an early foothold. As one East German doctor admitted at the time: "We do not leave political considerations aside." Nicaraguan Foreign Minister Miguel d'Escoto has called the GDR a "natural ally" of the Sandinista revolution, and last month a high-ranking delegation from Managua spent several days in East Berlin to sign a series of cultural and trade agreements.

AFRICA. The East Germans' broadest effort has been lavished here, ever since the signing of a 1959 economic cooperation agreement with Guinea's leftist President Sekou Touré. A large portion of the $200 million in annual aid that East Germany contributes to African states goes to health, education and agricultural projects, but the emphasis is still on arms. Military aid to the victorious liberation armies in the former Portuguese colonies of Angola and Mozambique has paid off in close relations with both governments. In Angola, an estimated 1,000 German advisers work with the military and help train the police in everything from the setting up of detention centers to new interrogation techniques. In Mozambique, a comparable number of *cooperantes*, as the advisers are called, have forged Premier Samora Machel's former guerrillas into a modern army. They have also trained military propagandists as well as prison guards and helped to reorganize the foreign ministry. The main purpose of this "heavy politico-military" indoctrination, as one U.S. intelligence analyst describes it, is to "try to keep a Marxist regime ideologically clean, and train cadres who will keep the country a loyal client in the future."

Why the East Germans? Originally, Western analysts believe, their ambitious foreign role was motivated by a national inferiority complex, as a denigrated political offspring of the Soviet Union and a poor industrial also-ran compared with West Germany. The emerging countries and the liberation movements thus afforded the "other" Germany its first international acceptance and prestige. The East Germans eventually proved to be more diplomatic than the Soviets, who frequently antagonize their Third World hosts with chafing arrogance, and more efficient than the Cubans, who do not enjoy the same reputation for reliability and know-how. Concluded a U.S. intelligence analyst: "The Cubans provide bodies. The East Germans provide brains."

Nonetheless, the East Germans have encountered their share of setbacks. Their most serious diplomatic debacle has been in Zimbabwe, where they backed the wrong horse in the race to independence. On a good-will tour of Africa last year, East German Leader Erich Honecker cozied up to Guerrilla Leader Joshua Nkomo but antagonized Robert Mugabe, his Patriotic Front partner. The issue: Mugabe's refusal to criticize the Chinese invasion of Viet Nam on the logical ground that most of his arms had been supplied by Peking. To East Berlin's dismay, Mugabe went on to become the popularly elected Prime Minister. Vengefully, he barred East Germany from this week's Zimbabwe independence celebrations. ■

LIBERIA

Coup at Dawn

A master sergeant seizes power

In its 133-year existence, the Republic of Liberia had never experienced a *coup d'état*, a remarkable record given the turbulent politics of West Africa. Last weekend a group of noncommissioned officers and Liberian National Guardsmen conducted a bold dawn raid on the palatial executive mansion in the capital city of Monrovia. Their target: William R. Tolbert Jr., 66, Liberia's President and the current chairman of the Organization of African Unity. According to one account, Tolbert was shot in the face and killed. His wife Victoria and members of the Cabinet, the judiciary and the legislature were seized and imprisoned.

Radio broadcasts from Monrovia identified the coup leader as Samuel Doe, 28, an obscure master sergeant in the Liberian army who called his new government the People's Redemption Council of the Armed Forces of Liberia. Doe declared that he had overthrown the Tolbert regime because of its "rampant corruption and continuous failure" to solve Liberia's problems. Mindful that Liberia has always been one of America's closest African allies, Doe asked for a meeting with U.S. Chargé d'Affaires Julius Walker. He told Walker that he was aware of America's "historic relationship" with Liberia, a country founded by former U.S. slaves in 1847. Expressing a desire for elections and a quick return to civilian rule, Doe reportedly named 15 officers and NCOs—none above the rank of captain—as "superintendents" to rule for the time being.

Tolbert's brutal downfall surprised few Liberia watchers. Though the country was long one of the most stable in black Africa, there was increasing dissatisfaction with Tolbert's autocratic ways and with the corruption and inefficiency of his top-heavy bureaucracy. Perhaps most resented was the dominance of the so-called Americo-Liberians, descendants of the freed American slaves who began settling on the western Guinea coast in 1822. Though the vast majority of the country's 1.7 million people are impoverished tribal Africans, most of the political power and wealth have traditionally been controlled by the "settlers," the Americo-Liberians. Tolbert's father was a former South Carolina slave who became a rich coffee grower and rice farmer in Liberia. The son, a Baptist minister, was the country's Vice President for 20 years under the virtual one-man rule of President William Vacanarat Shadrach Tubman. After Tubman's death in 1971, Tolbert succeeded to the presidency and to the leadership of Liberia's only political party, the True Whigs.

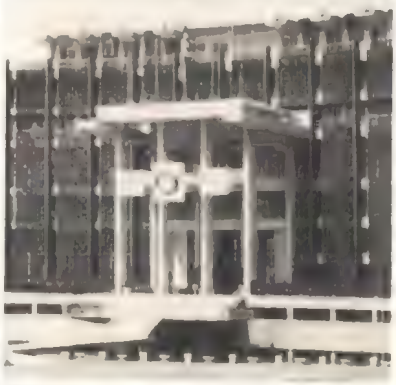
Long simmering anger against the Tolbert regime erupted a year ago when the government proposed a hike in the price of rice from $22 to $30 for a 100-lb. bag. (The average Liberian earns $80 a month.) In Monrovia, 2,000 people gathered in protest. A student-led group of some of the demonstrators headed toward Tolbert's executive mansion. The President overreacted, ordering police and soldiers to shoot into the crowd. Forty people were killed and hundreds injured, which set off riots and looting.

Tolbert's violent reaction strengthened such opposition groups as the leftist Movement for Justice in Africa and the Progressive Alliance of Liberia. Last December, after a lengthy court battle, the alliance gained legal status as an opposition party under the new name of Progressive People's Party (P.P.P.).

Deeply alarmed by the P.P.P.'s call for a general strike to bring down the government, Tolbert ordered 33 of its top members arrested. According to Korlue Pyne, who led about 25 Liberians in a nonviolent post-coup takeover of the Liberian consulate in New York City, one of the new regime's first acts was to release the imprisoned politicians. ■

PETER JORDAN

President Tolbert in 1979



AP

Palatial executive mansion in Monrovia

Ending a 133-year record.

EAST-WEST

"Next Spring"

Moscow may wait for SALT II

As part of his Administration's response to the Soviet invasion of Afghanistan, President Carter asked the Senate in January to suspend deliberation on the SALT II Treaty. The President was—and still is—committed to ratifying the treaty. But he recognized that SALT II was doomed to rejection if the Administration forced the issue. Better wait, Carter figured, until outrage over the Afghanistan invasion has died down—and until the Executive Branch is in a stronger position to press for ratification. That might mean after the November elections, when either a reelected Carter or his successor would probably enjoy a honeymoon with a new Congress.

But would the Soviets sit still for such a delay? Time is running out on the protocol limiting American cruise missiles that accompanies the SALT II Treaty. The protocol expires at the end of 1981, four years before the treaty itself. When Leonid Brezhnev signed SALT II at the Vienna summit last June, he was assuming that it would be ratified before the end of 1979. That would have left two years for the superpowers to negotiate permanent constraints on cruise missiles in the next round of negotiations, SALT III.

Now, however, with SALT II on the shelf, the Soviets must decide whether they can live with the near certainty that the protocol will expire well before its temporary cruise missile limitations can be permanently extended. Under these changed circumstances, SALT as a whole becomes less valuable to the Soviets, since one of their main purposes is to use the negotiations to impede the American cruise missile program.

The Kremlin has been keeping Washington in suspense about how long it is willing to leave SALT in limbo. Earlier this month, however, a Soviet official known to reflect the thinking of the Politburo told TIME: "If, by next spring, SALT II is not ratified, it will be lost because the military preparations of the U.S. in all directions—Western Europe, Japan and China—lead to a changing balance of forces and wash out the agreements reached." The statement was most significant in its reference to "next spring." This authoritative indication that the Kremlin may be resigned to SALT II ratification a full year from now is more positive than anything the Soviets have told the Administration even in private diplomatic channels.

There is yet another small sign of hope in the otherwise dismal picture of Soviet-American relations. Last week the Soviets formally gave the U.S. advance notification of a test in which more than one missile was in flight at the same time. Such notice is required by SALT II—or would be if the treaty were in force. ■

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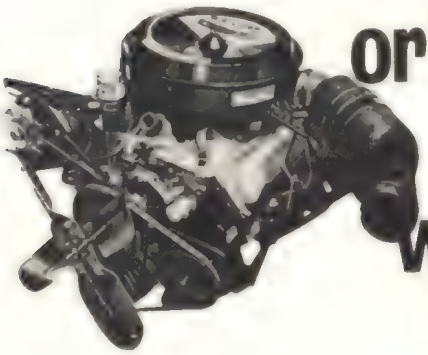

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COMMUNISTS

High Risks

A heretic's trip to China

For years, Italian Communist Party Chief Enrico Berlinguer has flaunted his independence from Moscow by adopting heresy upon Marxist heresy. He has embraced democratic pluralism, supported NATO and even condemned the Soviet invasion of Afghanistan. This week, with boldness bordering on recklessness, Berlinguer set off on a formal eight-day visit to China, the Soviet Union's main ideological adversary. Berlinguer's colleagues insisted that his trip was merely an attempt to resume normal relations with the Chinese party, which were cut off in 1962. Nonetheless, the visit was not only a slap at the Kremlin but also a vivid demonstration of the deep schism that has been widening down the middle of the movement once called Eurocommunism.

Even as Berlinguer was exchanging toasts and handshakes in Peking, French Communist Party Chief Georges Marchais was organizing a conference of European Communist parties on "peace and disarmament," to be held in Paris at the end of the month. The conference, cosponsored by the Polish Communist Party, was designed to rally support for Moscow's denunciation of proposed new NATO missiles in Western Europe. But Berlinguer joined the two other dissident Communist parties, those of Yugoslavia and Spain, in announcing that they would not attend.

Party Chief Berlinguer

Bitterness between the French and Italian Communists has flared openly at the European Parliament in Strasbourg, where Marchais has accused Italy's Communist deputies of lining up with "reactionaries" against him. That thrust was aimed at Berlinguer's determined recent campaign to seek ties with the Socialist and other moderate parties of Europe. Berlinguer has held summit-like meetings with French Socialist Leader François Mitterrand and with Willy Brandt, chairman of the West German Social Democratic Party. Says Italian Communist Policymaker Sergio Segre, a deputy at Strasbourg: "We sometimes find ourselves voting on the same side as the Christian Democrats of West Germany or even the Conservatives of Britain."

Berlinguer has accepted high political risks at home to gain long-range influence among moderates on the Continent. Ever since the Communists' losses in last year's election, the "historic compromise" of a governing alliance with established democratic parties has become elusive. For one thing, the Communists were shunted into outright opposition by the new center-left coalition government of Christian Democrats, Socialists and Republicans formed two weeks ago by Premier Francesco Cossiga. For another, the Communist Party's own vaunted internal discipline has suffered; last month, for the first time, more than 30 left-wing Communist deputies rebelled against their party whips on a foreign policy vote in Parliament. By going to China, which Italy's militant left regards as a citadel of conservatism and an ally of the imperialist U.S., Berlinguer risked further alienation of his left wing. Most of all, his independent stance could lead to "a formal disowning of the Italian Communist Party by the Soviets," as Columnist Vittorio Gorresio wrote in Turin's influential daily *La Stampa*. Combined with Berlinguer's other heresies, such an outright break could lead to a schism within the Italian Communist party—and a strong challenge to his leadership of it. ■

Furor over a TV Death

British viewers watched their television screens, transfixed. First came the sound of gunshots, and a woman shrouded in black crumpled to the ground. Then a djellaba-clad executioner raised his gleaming sword for the beheading, and a kneeling figure in white was suddenly red with blood. The scene, from a film titled *Death of a Princess*, reenacted the double execution in 1977 of a married Saudi Princess, Mashali, 19, and her unmarried commoner lover for having committed adultery. Witnessed by hundreds in a parking lot in Jeddah, the executions were in accordance with the laws of the Koran. Shown over Britain's independent television network last week, the dramatization touched off an international furor and strained British-Saudi relations.

The two-hour "drama-documentary," coproduced by Britain's Associated Television and WGBH-TV in Boston, which will televise it for U.S. viewers on May 12, was intended as "a serious and concerned journey into the Arab world," in the words of U.S. Executive Producer David Fanning. But within hours of the broadcast, Saudi Arabia reacted with a howl of protest. The Saudi embassy in London denounced the film as a "sensation-seeking piece of fiction" and "an unprincipled attack on the religion of Islam." What seems to have particularly offended the Saudis, besides the vivid reenactment of the executions, was a series of scenes depicting the royal princesses as bored and vacuous vixens who spend most of their time watching TV or looking for easy sex.

Film scene: kneeling lover awaits death after execution of princess (right)

To soothe offended feelings, British Foreign Secretary Lord Carrington sent a personal cable to Saudi King Khalid expressing his own "profound regret" over the program. To some members of Parliament, that smacked of unwarranted groveling. Complained Labor M.P. David Winnick: "It is undignified to see a British Foreign Secretary virtually apologizing to a feudal state about what has been shown on TV in this country."

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IBM

Remembrance of Things Past

The new Celtics are playing—and winning—as of yore

For any other National Basketball Association team, it would have been bad enough, but for the Boston Celtics, one of the proudest dynasties in all of sport, the past two years were disastrous. It was not just defeat: 103 losses against only 61 wins, the worst record in the league. It was the way the games were lost: Curtis Rowe dribbling endlessly; Bob McAdoo shooting 20 times a game; Sidney Wicks driving into a wall rather than passing to an open teammate. It was not, in short, the Celtic way, the kind of team play that brought 13 championship banners to Boston, including eight straight titles between 1958 and 1966.

Now Rowe, McAdoo and Wicks are gone, and the winters of the Celtics' discontent have ended. The arrival of a new Bird (Larry, the No. 2 college scorer for the previous two years and the paradigm of a team player) and the revival of the old Cowens (Dave, the fiery redhead whose intensity inspires others) have combined to rejuvenate a franchise that had lost touch with its legacy. Boston is winning again, and winning the Celtic way.

The team sailed into the N.B.A. playoffs last week with a 61-21 record, the best in the league. They won 32 more games than they had in the previous season, the largest turn-around in the N.B.A.'s history. Boston's attack is so balanced that only Bird ranked among the league's top 20 scorers, but seven others averaged in double digits. Says Don Chaney, 34, whose career at guard and forward with the Celtics spans nine years: "There is more unselfishness on this team than on any I've ever been on."

That is high praise indeed from a player who remembers the nightly sacrifice under the boards of Bill Russell, the hustle of John Havlicek and the selfless playmaking of Sam Jones. General Manager Red Auerbach, who built those great teams, also remembers, and the memory rankles: "I was disgusted by what we had become. We made up our minds that we were going to get the right chemistry whether or not we could get ability."

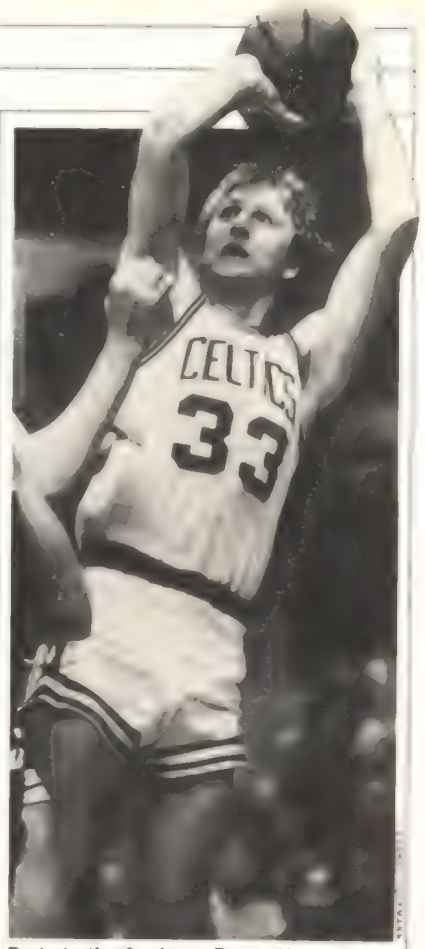
The Celtics got both in Larry Bird. One of the finest shooters since Jerry West, Bird, 23, came from Indiana State with an equally high reputation for the shots he did not take, preferring to give up the ball with deft passes to open teammates. Auerbach made Bird the Celtics' No. 1 draft choice after his junior year. The wait, and Bird's reported $650,000-a-year salary, have proved worth it.

All but seven games in Boston Garden were sold out, and on the road the Celtics were the biggest draw in the league. Bird finished the season ranking 16th in scoring (an average 21.3 points per game) and tenth in rebounds (10.4 per game), and he dished off an average of 4.5 assists. The 6-ft. 9-in. forward is a virtual shoo-in for Rookie of the Year honors and has been touted for the league's M.V.P. award as well. Says Auerbach: "Usually a player with his kind of hullabaloo disappoints, but Larry has more than lived up to his notices. As a player, and even more as a person, he has exceeded expectations."

As always, the hardest worker is Cowens, delighted to be relieved of the player-coach job he suffered through last year. With Coach Bill Fitch doing the plotting, Cowens, 31, is free to do the playing. Once again, he is the man who dives for loose balls and ends up seven rows in the stands, sprints the length of the court to overhaul an opponent's fast break and manages to block shots with the best of the big men despite his small (6 ft. 9 in.) size for an N.B.A. center. Says Cowens: "I played for seven years with teams that valued teamwork, and I had a year and a half of turmoil. I got plenty tired of losing. I feel good about this team."

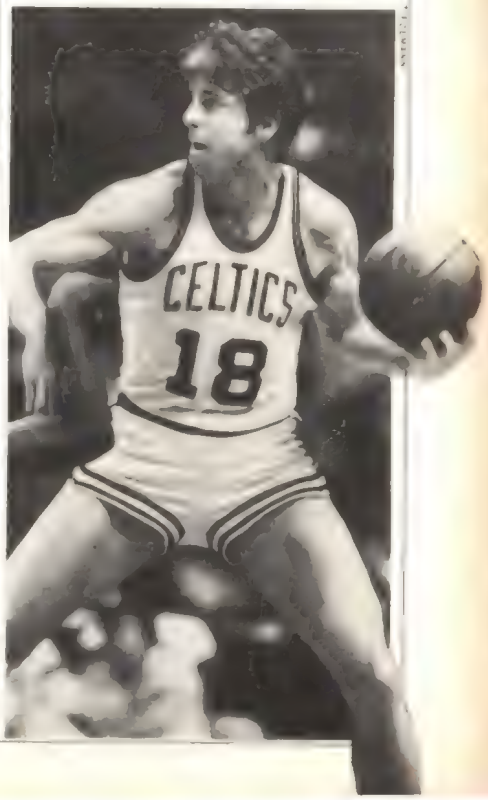
There have been other happy surprises. Bird's fellow starting forward, Cornbread Maxwell, finally came into his own, finishing the regular season with a league-leading 60.9 field-goal percentage. The three-point score introduced this season for shots taken beyond a line about 22 ft. from the basket turned out to be a bonanza for Guard Chris Ford; he hit on 43% of his long bombs, the second best record in the N.B.A. Guard Tiny Archibald, 31, the point man and playmaker, runs the Celtic offense with intelligence and verve. Despite a wrist injury, M.L. Carr has consistently come through in the Celtics' sixth-man role. Second-year Center Rick Robey, anchor of Kentucky's 1978 national championship team, filled in brilliantly when Cowens was injured in midseason.

The Celtic bench, suspect early in the season, has been strengthened by the addition of Pistol Pete Maravich. Recovered at last from knee injuries, Maravich provides firepower in reserve. Still Coach Fitch admits: "We're not great—not truly great. One on one, we don't stack up around the league." But that, of course, is just the point. Says Bird: "We're playing basic basketball, fundamentals. We work the ball well, try to hit the open man, and nobody forces his shots up. I'm a team ballplayer, and that's why I like it here. We're playing team basketball." As any Boston fan can tell the town's prize newcomer, that is the Celtic way. ■



Fast-starting freshman: Forward Larry Bird

Revved-up veteran: Center Dave Cowens



Hoping for an escape from their economic woes, people lined up for a 25¢ fantasy during the Depression

Show Business & Television

It Just Ain't So

Movies do not escape bad times

When the mud starts sliding in Malibu or the smog hides the tops of the palm trees in Beverly Hills, movie executives console themselves with at least one thought: in bad times people will still go to the movies. It is one of the fondest myths in an industry that deals in myths, and everyone remembers Mom and Dad standing in line at the Bijou during the Depression. How much truth is there to that comforting accepted wisdom? None at all, according to a San Francisco financial analyst. When the rest of the country catches cold, so does Hollywood.

In an iconoclastic search back through 50 years of records, Theodore James Jr., a general partner in Montgomery Securities, has set the record straight. Box office receipts fell from $732 million in 1930, the first full year of the Depression, to $482 million in 1933—a drop of about 34%. Employment in the film industry also fell from 143,000 in 1930 to 119,000 in 1933.

James found the pattern repeated in recessions as well. In the slump of 1938, for example, box office receipts, which had recovered somewhat from their earlier lows, declined again. The last national economic slowdown, which occurred in 1974 and 1975, would probably have been matched by a similar slide in film attendance, James says, if it had not been for the huge success of *Jaws*, which distorted the figures for the industry.

Those recent figures may have reinforced the basic industry myth in Hollywood's executive suites, where 40 is considered aged. There was a similarly deceptive distortion when the Depression hit. Intrigued by the novelty of talkies, about 90 million people saw a film in 1930, 10 million more than in 1929. Even 1931 was not so bad, with an attendance of 75 million. The next two years, however, were awful: only 60 million people each year could afford the quarter it cost to get through the doors. Not until 1942 was box office back to where it had been in 1930.

What will happen during the projected recession of 1980? James is fairly gloomy. Attendance for the first three months of this year is off 6%, a partial result, no doubt, of the inflationary squeeze. Says James: "A teen-ager who has to pay $20 to fill his car with gas and $5 for acne medicine is going to be hard-pressed to pay another $10 for a couple of movie tickets, a bucket of popcorn and soft drinks."

Studio executives may not be hurt as badly as theater owners; the studios can count on ancillary profitmakers: foreign sales, network and local TV, videocassette deals and, increasingly, cable TV outlets as well. But all those may decline during a weak economy, James says, and sales to the new video-disc systems may not be important for at least a decade. So put the Mercedes in the garage, unplug the hot tub—and get out the handkerchiefs. ■

Arfs Gratia Arfis

TV's candidates for the fall

The Oscars are more glamorous, but in Hollywood there is another spring competition that is just as closely watched: the contest that determines which of the TV pilots will be chosen by the networks for their fall schedules. Right now executives on both coasts are looking at exactly 100 candidates, and from that number perhaps 20 will be chosen. What does next season hold in store? Jocks, cops, flicks and garbage.

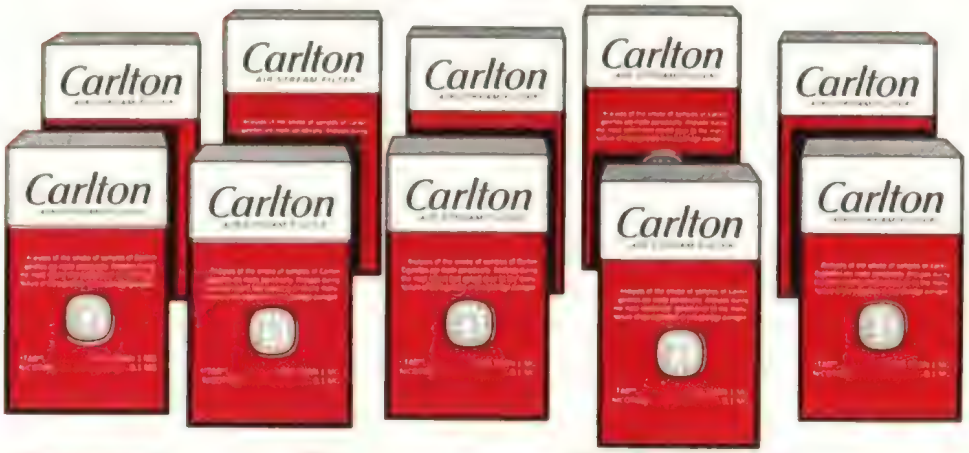
According to a survey by Dancer Fitzgerald Sample, Inc., a Manhattan ad agency, just about every sport except tiddlywinks has a shot at a fall spot. Two pilots center on football, one each on baseball and boxing. NBC even has one called *Drivel*—make that *Dribble*—for basketball fans. (CBS, of course, is already jumping for the hoops with *The White Shadow.*) Eight pilots are based on movies. Among them: *Breaking Away, Foul Play, The Goodbye Girl, Between the Lines* and *Freebie and the Bean.* The flick series include *Semi-Tough, The Main Event* (also in the sport grouping) and *Flamingo Road*, which is taken from a steamy 1949 Joan Crawford melodrama.

That fashionable subject of sexual role reversal gets some attention. In a series ABC is considering, *Once Upon a Spy*, a woman plays a James Bond–like character, while her cowardly male partner wants to stay home and play chess. To match the soft-core female pornography of *Charlie's Angels*, ABC is also looking at a spin-off called *Charlie's Devils*, with three macho males chasing the baddies. Dancer Fitzgerald does not say what those sexy devils will be wearing, but it probably will be as little as possible. In CBS's *Kops*, California marshals patrol the coast in shorts and T shirts. Moral: What's saucy for the gander is gravy for the goose.

Blue-collar workers may also get their time on TV. One comedy, *Hole 22*, goes on below ground, where construction workers are building a subway, and two shows deal with the hilarious goings-on around the garbage truck. *Garbage Is My Life* may turn up on ABC, and *Garbage* may air on NBC. Many viewers may have an unhappy sense of *déjà vu*. The Silverman network also has a fondness for dogs. *Here's Boomer*, the saga of the world's smartest mutt, is already on the schedule, and next year it may be frolicking with the world's three smartest Dobermans, the detective stars of—yes—*The Dobermans. Arfs gratia arfis.*

CBS also wants a room in TV's animal house, and executives there have been watching *Ethel Is an Elephant*. She is indeed, and she shares a loft with a young Manhattan photographer, who has to fight both the city and his landlord to keep her there. Once he—or the show's writer—finds out about New York's new antilitter pooper-scooper law, he may not fight so hard. But perhaps he is thinking of asking the garbagemen at ABC and NBC to come and help him out. ■

U.S. Government Report:



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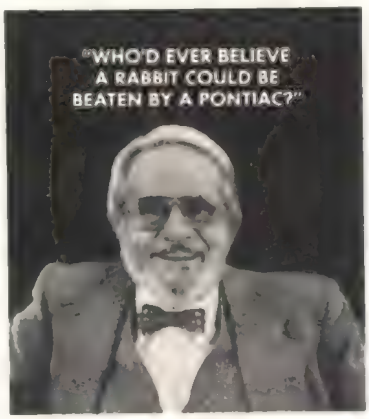

costs an estimated $24 less per year for gas than the Rabbit. The EPA bases annual fuel costs on each car's "estimated mpg" for 15,000 miles at 90¢ per gallon.

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The spunky little Sunbird comes with Delco AM radio,* front bucket seats, deluxe cushion steering wheel, tinted windows, whitewall tires, custom wheel covers, body side moldings, bumper strips and guards, Delco Freedom® battery and much more.

SUNBIRD IS PRICED $1202 LESS.

According to the government-required price sticker, Sunbird is priced at $4848—while the Rabbit Custom is $6050. This base car comparison of manufacturer suggested retail prices includes optional automatic transmission. Sunbird price also includes dealer prep—the Rabbit does not. Taxes, license, destination charges and available equipment extra. Destination charges vary by location and affect comparison. *Level of standard equipment varies.*

Add it all up and see if you don't agree our Sunbird is the winner. Then hop on over to your Pontiac dealer's.

*Radio can be deleted for credit.

AND WINS BY $1226!

Rather talking with an Afghan leader for a *60 Minutes* segment

Anderson and Schwarzenegger in the pink for their new movie roles

People

Dressed in Afghan clothes and with an eleven-day growth of beard covering his $8 million face, he looked a little like a young extra in a Dannon yogurt commercial. But with pluck, luck and a crew of four, **Dan Rather** risked not only his life but the ulcers of CBS executives to bring back some of the first detailed film accounts of the fighting between Afghan rebels and Soviet soldiers for a 27-minute segment of *60 Minutes*. Rather's whispered report from a darkened mountain ledge sounded like a cross between one of Edward R. Murrow's World War II *This . . . Is London* radio broadcasts and the hushed commentary from the 18th hole of the U.S. Open. Rather tried to blend in with the rebels, but Washington *Post* Television Critic Tom Shales, who dubbed him "Gunga Dan," observed: "A $50 haircut still looks like a $50 haircut—even when mussed up a little." Rather says wryly that his haircuts, in fact, cost just $4.

■

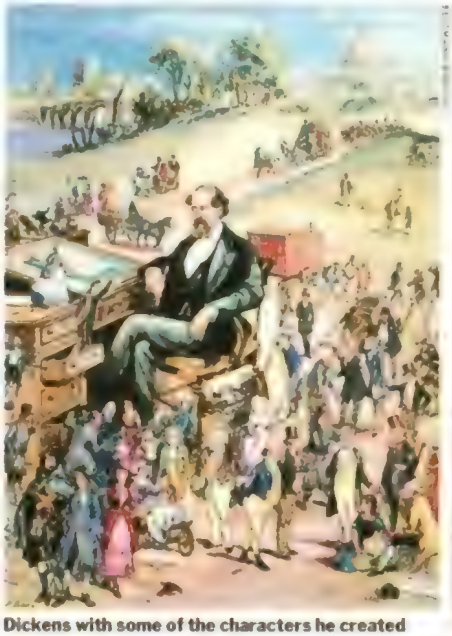
When it comes to curves, **Loni Anderson,** the shapely, savvy receptionist of television's *WKRP in Cincinnati*, does not have to take a back seat to anyone. Who better then to play the title role in *Jayne Mansfield: A Symbol of the '50s*, a CBS-TV movie about the cinematic sex queen. Anderson, 33, at 36-24-36, is somewhat shy of Mansfield's more pronounced 40-18-36 but hardly needs *Bodyshaping for Women*, the recent how-to book by her co-star **Arnold Schwarzenegger,** who plays Jayne's second husband, **Mickey Hargitay.**

■

In the twelve years before his death in 1870, **Charles Dickens** wrote some of his best-loved books (including *A Tale of Two Cities* and *Great Expectations)* and, according to a 1939 biography, *Dickens and Daughter*, by Gladys Storey, took up with Ellen Ternan, a young actress. Though many critics dismissed Storey's claim at the time, it appears that more than a few of Dickens' Christmases past, after he separated from Wife Catherine, were indeed spent in Ternan's company. A clutch of Storey's papers has turned up in London: included are notes of a conversation with the author's son, Henry, in which he confirmed that the couple had a baby son who died in infancy and that Dickens kept a house and servants for his mistress. Says Massachusetts-based Writer **Monica Dickens,** 65, of her great-grandfather's adventures: "It just makes him all the more human."

■

In his *Canticle of the Creatures*, written about 1225, **St. Francis of Assisi** blessed the Lord for "Brother Sun," "Sister Moon," stars, fire, water and earth. The founder of the Franciscan order developed a wide following during his life for his appreciation of nature's bounty. In recent times, his popularity has grown: St. Francis has been the subject of numerous movies and biographies, and became something of a cult idol for hippies in the 1960s. Now it is **Pope John Paul II** who has honored St. Francis. The Pope named him Patron Saint of Ecology because "he has sung stupendously the beauties of nature, considering it a marvelous gift of God to humanity."



Dickens with some of the characters he created

St. Francis of Assisi preaching to his feathered flock

Capitalism: Is

In an age of economic anxiety, real and rising concerns about whether free

The relentless daily pounding of dismal news drives deeper the public's conviction that the economy is in a profound and morose crisis. Feverish inflation, previously a rare malady limited primarily to wartime, has become chronic. Price spurts once associated with profligate banana republics are now common to North America and Western Europe and threaten the foundations of democratic societies. With every sign showing that prices in the U.S. will continue soaring even as the nation begins slumping into recession, President Carter, his re-election jeopardized by the economy more than by anything else, is stuck in an economic morass.

The litany of U.S. economic woes at times seems endless. Week after week, interest rates crack new records; home owners face 17% mortgages, and companies confront 20% business loans. Energy, the oxygen of industrial life, has become so costly and politically controlled that the U.S. can no longer be certain of enough fuel to keep its factories running and homes heated. The output of goods per hour worked has stagnated. From 1948 to 1973, the productivity of American employees increased 2.9% annually, thus permitting steadily higher real wages and higher standards of living. Last year productivity dropped .9%. The real median income of American families jumped 64% from 1950 to 1970, but has crawled up by less than 1% a year in the past decade. Weekly real take-home pay has been declining for two years. That gauge of American economic health, the stock market, has been sharply depressed.

Amid all this, the Carter Administration has appeared paralyzed and unable to cope with problems that it does not fully understand. Quips Alfred Kahn, the hapless presidential anti-inflation adviser: "Anybody who isn't schizophrenic these days just isn't thinking clearly."

While these travails are felt most acutely in the U.S., the situation is common to nearly all Western nations. Since the mid-1970s, industrial economies have grown about as well as wheat in a drought, while inflation has expanded dangerously. Even countries that have adapted best to recent economic problems, notably West Germany and Japan, suffer inflation or slow growth. The world money system that functioned like a Swiss watch for a quarter-century has been sending off alarms. Gold, the barbarous relic that Shakespeare called the "common whore of mankind," has become the refuge for a world fearful of returning to an economic jungle.

As industrialized and developing nations meet the challenges of the new economic era, they must choose between two essentially different economic systems: the market economy and the command economy. Neither exists in pure form. They overlap, and there are myriad variations within each model. But the difference between them is basic. In market economies the principal business decisions are taken by individuals, who freely exchange their goods or services. In the command economy, the state makes the fundamental business decisions.

Capitalism, the system that relies on the maximum use of free markets and the minimum of government controls, is today being challenged as at no time since the Great Depression. On all sides the haunting questions arise: Is capitalism working well enough? Can the system suffer and survive these problems? Can it be repaired or is it fatally flawed?

One might be tempted to say: What else is new? The free enterprise system has been constantly questioned and condemned ever since that absent-minded Scots professor Adam Smith, another revolutionary of 1776, enunciated its basic philosophy. But today's doubts are deeper and the assaults more virulent. They come not only from capitalism's old critics but from its longtime champions. Leftist Economist Robert Lekachman of the City University of New York declares: "The central economic fact of our day is the declining vitality and élan of capitalism and capitalists." And Chrysler Chairman Lee Iacocca also says: "Free enterprise has gone to hell."

Critics and champions alike once recognized capitalism's remarkable vitality and adaptability, but those qualities seem to be declining. Says Stanford Economist Tibor Scitovsky: "The joints of that once wonderfully flexible structure are becoming more and more calcified and rigid."

Also in doubt is one of the basic tenets of American capitalism: faith in the future. Though capitalism has always been regarded as raw and risky, people accepted the system because it held out the promise that hard work and talent would lead to high rewards. Not everybody was created economically equal but, with the indefensible exception of some minorities, everybody had a full, free opportunity to prosper. Ever distant frontiers and ever brighter tomorrows created a nation of optimists, who believed that a rising tide lifts all boats. This was the U.S. social contract.

But a long spell of little economic progress, or actual retrogression, may cause people to conclude that the system's potential rewards are not worth its real risks. Rancorous confrontations among government, business, labor and a thousand contentious factions could erupt. Warns Arizona Congressman Morris Udall: "When you get a constant pie, and when any group like the steelworkers or the longshoremen gets more, then somebody has got to get less. We have got to adjust to slower growth, and the story of the 1980s will be how we adjust."

If market economies are doing so

It Working...?

enterprise can surmount the problems of inflation, energy and productivity

poorly, are the centrally directed command economies doing any better? No. Capitalism's primary rival, Communism, is afflicted by most of the same ailments, and more. Communist countries are encountering far more difficulty than the West in adapting to the age of economic anxiety. After substantial gains from low bases during the 1950s and early 1960s, progress in Communist economies has sharply slowed in recent years. Technology, innovation and productivity have fallen further behind most Western countries. Economic growth in the Soviet Union last year was about 2%, the lowest since the 1930s.

Inflation, Communist style, is real, though artificially repressed. In the U.S.S.R. and elsewhere, state subsidies hold down the prices of some necessities, and the government pays the bill by keeping wages lean. Bureaucratic ministries are slow to make minor price adjustments. Thus, when prices do increase, they explode. Last year Czechoslovak children's clothing jumped 200% and Hungarian bread went up 50%. At the same time, consumers regularly face shortages. In Communist countries, the block-long queue at meat markets or clothing stores remains a common sight.

East European economies are also squeezed by the energy crunch. The Soviet Union is the world's largest oil producer, its 11.8 million bbl. per day surpassing even Saudi Arabia's 9.5 million bbl. But output is expected to peak this year, and the Soviet bloc may become a net oil importer by 1982. Gasoline prices in Eastern European countries vary widely, but in most cases gas costs more than $3 per gal.

Yet Communism's troubles are small comfort for the U.S. and other free economies, which desperately need to find their own solutions to inflation. This is the most pressing economic problem of the age.

The Decline of Risk Taking

Inflation is already beginning to paralyze Western financial markets. Says Herbert Wolf, chief economist of West Germany's Commerzbank: "The survival of a market economy depends above all on price stability." Without that stability, people lose the incentive to save and accumulate the capital that feeds the system. Their savings debauched, citizens desperately seek alternatives, some of them extreme. Soaring prices have almost always been the prelude to social chaos and eventually political upheaval. There is no such thing as a "stable" rate of consumer price increase. The 5% inflation of four years ago became last year's 13.3% and this year's 18.2%. That rate will be even higher in the future unless effective action is taken to slow or stop the spiral.

Much of the public is turning for relief toward government—which is itself in large measure the problem, not the solution. During the past half-century, governments, in response to public demand, have steadily gained more control over the production, jobs and wealth of society. This enlarged state role was undertaken in an attempt to create a recession-proof economy. Deeply scarred by the 1930s Depression, politicians, labor leaders and intellectuals adopted the slogan of 19th century French Utopian Socialist Etienne Cabet: "Nothing is impossible for a government that *wants* the good of its citizens."

In the U.S., federal, state and local agencies in 1929 spent an amount equal to only 10% of the nation's total output; last year they spent 32%. Fifty years ago, government income-support payments to individuals were 3% of the total amount of wages and salaries; last year they had swollen to about 20%.

But today there are more and more questions about the government's ability to accomplish its benevolent goals and growing weariness of meddling by government regulators. Proclaims a Texas bumper sticker: "If you like the post office, you'll love a nationalized oil company." A historic revolt against government is under way. One symptom: in the U.S., voters in almost a quarter of the 50 states have put limits on taxes. The revolt is largely justified.

Successive U.S. Administrations since the mid-1960s have mismanaged the

Illustrations for TIME by Seymour Chwast

Of course, but...

economy by wildly spending more than they collected in taxes and then recklessly printing money to pay for the prodigal policies. In 18 of the past 19 years the federal budget has been in deficit, creating a sea of red ink totaling $372 billion. Until recently, the Federal Reserve Board has cooperated with the spend-and-spend policy by pushing up the growth of money. This rapid increase in expenditures and credit beyond any real growth in the production of goods and services remains the basic cause of inflation.

The Government's attempts to create a risk-free economy, in which there will never be a danger of serious business slumps or steep unemployment, has built an inflationary bias into society. Managers and workers have become confident that the state will intervene to stop any sharp business decline. Thus, instead of restraining wage or price demands when the economy slows, companies and unions continually push for more. Adam Smith maintained that each individual seeking his own profit would promote society's good, as if guided by an "invisible hand." But the late economist Arthur Okun argued that the comfortable relationship between Big Business and Big Labor has led to an "invisible handshake" that lifts both wages and prices.

Typical was last year's pay settlement between Chrysler and its employees. At the same time that the company was asking for a fat federal loan guarantee, it agreed to raise the wages of some of the nation's best-paid workers from $60.24 a day to $76.96 over three years. Because both sides at the bargaining table assumed financial help would be coming from Washington, there was less pressure to make a significant sacrifice. It was left to Congress, as a condition for a federal loan guarantee, to force the union to accept a $463 million reduction in the wage package.

The search for a fail-safe society is also pursued by businessmen. Though they still extol free enterprise's virtues in after-dinner speeches, American capitalists can often be the system's most dangerous opponents. Rather than embracing the marketplace and competition, many businessmen look longingly to those societies, notably Japan, in which the government intervenes to sponsor, subsidize or otherwise ease the way for business. These U.S. "free enterprisers" demand that their Government protect sales from foreign or domestic rivals, oppose steps to remove regulation whenever it shelters their own business, and lobby hard for federal or local grants.

As economic pressures have been building in recent months, more and more producers of goods as varied as cars and cheese, steel and shoes have turned to Government to demand relief from imports. Protectionism, of course, pushes up prices. Despite last year's major agreement on reducing world tariffs and other trade barriers, backsliding toward protectionism is growing. Nearly half of all world commerce is now restricted by tariffs or quotas, as compared with 40% in 1974. Recalling his days as Treasury Secretary, William Simon says: "I watched with incredulity as businessmen ran to the Government in every crisis, whining for handouts or protection from the very competition that has made this system so productive." At the same time, workers want assured salary increases and consumers products that never break and never can be dangerously misused. Says General Motors Chairman Thomas A. Murphy: "There is that peril in our society, the unwillingness to take a reasonable risk."

Inflation and Government

The state's new role as a regulator in the capitalist economy has been growing steadily for decades, but it exploded during the past dozen years. When public budgets became tighter in the early 1970s, officials saw Government regulations as the means of achieving their social goals. Rather than spending billions of tax dollars to clean up the air and water, authorities passed laws obliging companies to spend large sums to do the job. Such federal regulations, which came to 20,000 pages in 1970, swelled to 77,498 pages last year.

These regulations, originally well-intentioned, often turn into generalized hostility toward businessmen. Often, too, they are grossly inflationary. Stanford Economist Michael Boskin notes that when the Government orders, say, General Motors to put $400 in pollution equipment on a car, that amounts to a $400 tax on the consumer, who eventually pays the sum in the purchase price for the automobile.

While quite willing to benefit from Government support, businessmen nevertheless complain with much justice that the leaden hand of Government undermines the freedom and incentives that make capitalism so productive. Managers see themselves as Prometheus bound, unable to launch a new product or finance research into a tempting field without completing a fat book of federal forms and paying exorbitant, sometimes needless expenses. Complains Pennzoil Chairman J. Hugh Liedtke: "We sit here in management meetings deciding on projects that may cost hundreds of millions of dollars. But we do not know what the Government regulations will be for pricing, importing, entitlements, allocations."

Private companies can best—and at least cost—accomplish the goals of public regulation if the state does not tell them precisely how to control bad side effects but sets standards and allows the companies freedom to devise means of compliance on their own. The Environmental Protection Agency's "bubble plan" for air pollution control is an example of this flexible approach. Rather than strictly controlling the pollutants from each and every smokestack in a factory, the agency sets overall standards for the effluents from the entire plant or groups of plants. The air-quality goal is the same, but the means of reaching it are more liberal and less costly. Managers determine how to achieve the goal.

Some would-be reformers push a sort of bubble plan for the whole economy. Despite the state's poor record of ensuring prosperity and stable prices, many left-leaning economists and even some businessmen regard further Government economic planning as the next inevitable step. The Government would fix the broad goals for economic growth and targets for investment and production in specific industries, although the details would be left to private firms. Only in this way, they argue, could inflation be brought under control and a path of steady growth set.

But in Western Europe, where planning within capitalism originated, such government direction has fallen into disfavor. France's *Le Plan* has operated since 1946, but the program is now virtually ignored; the Eighth Plan, covering 1981-85, will not even contain specific growth targets. In the past, programs directed by the French government produced too many white elephants, like the supersonic Concorde and the steelmaking complex near Marseille, that look brilliant to a bureaucrat but flop in the marketplace. Admits François de Combret, the top French presidential economic adviser: "A bureaucrat like myself, with his butt in a chair all day long, does not know enough to make all economic decisions. Those who know what to do are the ones who have skills, the ones willing to take the risks."

"For the first time, huge numbers of people throughout the Western world have built some affluence and created some assets for themselves. Now they see inflation eroding those assets. Above all, they want to conserve those assets, and so they are moving to support more conservative, more capitalist governments."

Alan Greenspan, former economic adviser to President Ford

"The very large differences in income and wealth will become increasingly abrasive. When the country was growing rapidly, it eased the pressure. But in a period of more limited expectations, which is here already, there is greater social friction related directly or indirectly to income and wealth inequalities."

Martin L. Weitzman M.I.T. economist

In a form of Gresham's Law, bad planning by government drives out good planning by private people. No detailed plan emanating from a computer bank in some bureaucracy could ever store the information necessary to tell the would-be entrepreneur to open a new corner carry-out or Revlon to launch a new Charlie. No plan could foresee the economic effects of the overnight success of some new Xerox or IBM. Modern industrialized economics are far too complex to permit a rigid master plan. The state can provide its fallible view of future economic developments, but the best planning is still provided by private businessmen and -women making decisions on the basis of the information they receive from consumers in the marketplace.

At the same time, the right overall Government policies and strategies are necessary. Nobody is demanding that the state revert to the minor role that Adam Smith envisaged for it, which would not even include operating a nation's canals. All capitalist countries have mixed economies that combine some free-market features and some government controls, depending on practical needs, tradition and political trends. But there are sharp new questions about the mix. Says Jan Tumlir, chief economist of the world trade organization GATT (General Agreement on Tariffs and Trade): "The 1980s must be a period of rethinking the functions of government. We should figure out what governments should do and can do well and what governments should not even try to do."

Ralf Dahrendorf, director of the London School of Economics, argues that the welfare state produces what German Sociologist Max Weber called "the iron cage of bureaucratic bondage." He admits that centralization and government activity in the modern economy are inevitable but stresses that in the future the burden of proof for turning over functions to the government must rest "on the centralizers and not the other way around."

The economics profession, which for four decades was dominated by John Maynard Keynes' disciples, who stressed a strong stimulative role for the government in the economy, is now swinging away from state solutions. The new Rational Expectations school, led by the University of Chicago's Robert Lucas and the University of Minnesota's Thomas Sargent, emphasizes that government policy initiatives often do more harm than good, creating more inflation than economic growth. The hottest topic among Washington economists is the "supply side" theory. It maintains that Keynesian policies placed too much emphasis on stimulating consumer and business demand and paid too little attention to stimulating the production, or supply, of goods and services. Supply siders, such as Senator Lloyd Bentsen and Michael Evans, the president of a Washington-based economic advisory service, propose tax cuts for business to spur investment rather than just tax relief for consumers to heighten spending.

The brightest younger economists on campuses, including Harvard's Martin Feldstein, Southern California's Arthur

Laffer and Stanford's Michael Boskin, generally emphasize the strengths of the free market and the failure of government intervention. The theme that unites them is skepticism about the effectiveness of state action in the economy.

President Carter's chief economic adviser, Charles Schultze, also argues that the government should make greater use of the free-market mechanism rather than government *Diktat* in formulating state programs. Wrote he: "The historically demonstrated power of market-like incentives to influence the pace and direction of technological change warrants every effort to install such incentives in our social programs."

Like a sailboat tossing about in a wild sea, the government's activities in the economy under capitalism have bounced from one extreme position to another. For more than a century the state had very little or no role in the overall running of the nation's business affairs. When the government did intervene, it was usually on the side of corporations, with such aid as the 19th century land grants to help the railroads build their steel path across the country. During the past generation, however, the state has become the often overpowering major-domo of the economy. And now its actions frequently carry an undertone of antibusiness hostility. While not returning to the earlier hands-off posture, government leaders must recognize the limitations of economic central direction and restore some lost freedom to the free enterprise system.

Problem of Expectations

Inflation, of course, is the result not only of government actions but also of the changing cultural atmosphere in Western nations. Societies that once held up temperance, frugality and industry as ideals now increasingly cherish consumption, leisure and even hedonism. The culture that formerly stressed tomorrow now emphasizes today. This instantly gratifying good life is easily available through installment buying or "plastic money," which the Carter Administration last month attempted to restrict.

When capitalism took root in the 18th century, religion exercised a strong influence within a rigid social structure. The principles of the new economic system coincided in large measure with those of religious faith. Free enterprise demanded sacrifice and delayed satisfaction in order to build savings as a source of investment funds. Limited consumption and hard work were required to create more capital and more consumption for the future. Self-denial and individual diligence in this life were signs of someone's virtue and even of salvation in the next life. Max Weber labeled this "the Protestant ethic."

The decline of religion's dominant influence starting early in this century opened a conflict between contemporary social values and economic virtues. Capitalism still needs savings, hard work and postponed rewards, but consumers want immediate satisfaction. This conflict is visible within the business corporation itself. Writes Sociologist Daniel Bell in *The Cultural Contradictions of Capitalism*: "In the world of capitalist enterprise, the nominal ethos is still one of work, delayed gratification, career orientation, devotion to the enterprise. Yet, on the marketing side, the sale of goods, packaged in the glossy images of glamour and sex, promotes a hedonistic way of life whose promise is the voluptuous gratification of the lineaments of desire. The consequence of this contradiction is that a corporation finds its people being straight by day and swingers by night."

"Look at OPEC. They will still put most of their money in the U.S. There is nothing European investors want more now than to invest in the U.S. The reason is your capitalist system. Your crisis is caused not by the system but by the workings of the system. When an engine breaks down, you don't call the principle of internal combustion into question. You fix or replace the engine."

François de Combret, economic adviser to the President of France

Consumer expectations exploded during the quarter-century of seemingly endless prosperity following World War II. Capitalism created the affluent society, but the more prosperity the public enjoyed, the more it wanted. If hard work, talent and savings no longer provided the affluence, the public demanded it from the government. The family that once was "satisfied" with only two cars looked around the open-window culture provided by instant communications and saw many other people with two cars and a boat. Then the family not only expected but began demanding its "right" to everything —and felt somehow cheated when galloping prices frustrated its desires.

The poor, handicapped and racial minorities can feel particularly isolated within affluent capitalist societies. Poverty and urban decay like New York's South Bronx are an outrage to any nation or economic system. The U.S., of course, has tried to solve such problems. Social spending is now by far the largest item in the national budget, amounting to $423.8 billion this year as compared with $145.1 billion for defense. But some well-intentioned Government spending, such as the $8.6 billion annual outlays for the heavily criticized Comprehensive Employment and Training Act (CETA), has created new bureaucracies rather than solving urban problems. Social expenditures have grown so rapidly that they have become a heavy load on a national economy that is growing only slowly.

In short, people today ask things from capitalism that no system can deliver. They confuse hope with promise. When everyone begins demanding more, the inevitable result is a madder scramble for a nation's limited output and a bidding up of prices. Says Albert T. Sommers, chief economist of the Conference Board, a leading business research group: "The failure of our political system to contain the growth of social demands within limits tolerable to the free market is the essential first cause of inflation."

The problems of socially stimulated inflation have been compounded by the now deeply ingrained inflation psychology. The attitude of "Buy it now because it will cost more tomorrow" has long been common in such Latin American countries as Argentina and Chile, where annual price rises of 100% or more have been known. But the American reaction as recently as 1973, when inflation hit 12%, was to save in the face of higher costs. Price rises created insecurity, and people fearful of losing their jobs began putting more in the banks. During the past year, however, Americans have caught the Latin virus. They no longer believe a Government that has been telling them for years that inflation is about to drop. So the American consumer is radically decreasing his savings and increasing his personal consumption. Americans are saving only 3.4% of their income, *vs.* 7.7% in 1975. By contrast, the West Germans last year put aside 13.5% of their earnings, and the Japanese 22%.

Finding solutions for these social and psychological causes of inflation will be excruciatingly difficult. Attitudes toward work and thrift have evolved over decades and can be changed only slowly. The most important change would be to recognize that immediate consumption must be limited, and that the public needs to save and invest for tomorrow. Says Political Philosopher Dahrendorf: "Some stabilization of expectations is inevitable and even desirable. The society of more and more of the same things cannot and probably should not continue forever."

Beyond reining in consumer expec-

Revolution of Self-Love

Capitalism, says Social Philosopher Irving Kristol, "is based on private property, where normal economic activity consists of commercial transactions between consenting adults." The idea seems elementary enough: people have the right to acquire and trade property in a free market, to start and build enterprises without fear of government intervention or confiscation, to expand or languish according to their own abilities. But when early Enlightenment thinkers began to propagate that simple philosophy in the 18th century, it represented a scandalous revolution in a world in which the individual was merely a subject of caste, church and state.

Europe for centuries had been under the sway of authority and tradition. Everyone had a place, and there was no place for an entrepreneur. The early Church Father St. Jerome had said it all: "A man who is a merchant can seldom if ever please God." Prices were to be set at a "just" level so that everyone covered costs and earned enough to support himself. Anything more was avarice. A person's position was established by his family's guild, brotherhood or order. Changing social position was unthinkable.

During the 800 years between the 5th and 13th centuries, there was almost no expansion of wealth or income. By the middle of the 18th century England and The Netherlands, the most advanced countries, enjoyed perhaps a 1% annual growth at most. The state's economic theory by then was mercantilism: the government should closely control business, especially foreign trade, in order to build up a stock of gold and silver, the only real sources of wealth.

The European Enlightenment introduced a new view of society. Voltaire, Locke and other philosophers stressed that the individual should be the focal point. A person's status or wealth was not immutably fixed for life but could be improved—or squandered—by his actions.

BETTMANN ARCHIVE

An 1876 view of Germany's economic takeoff

In 1776 Adam Smith, an eccentric Glasgow professor, put together a philosophy of "political economy" for the Enlightenment in some 1,000 dense pages titled *An Inquiry into the Nature and Causes of the Wealth of Nations*. In a further glorification of the individual, Smith argued that if the state would only leave businessmen unfettered, they would automatically produce not only the maximum profits for themselves but also the most goods for the nation and wealth for its people.

In contrast to his adulation of the individual, Smith had contempt for high government officials, whom he castigated as being "always, and without any exception, the greatest spendthrifts in the society."

Smith's economic notions were based on what he called man's "self-love." As he wrote, "It is not from the benevolence of the butcher, the brewer or the baker that we expect our dinner, but from their regard to their own interest." When countless people in a society sought to satisfy their self-love by earning profits, they unintentionally served the public interest. As if led by an "invisible hand," the butcher, brewer or baker produced as much as was profitable, which through competition resulted in the lowest prices for consumers. In such a society everyone won, and no one lost.

Once adopted as government policy in advanced European countries during the late 18th century and early 19th century, Smith's theories unleashed a surge of economic growth. Writes British Historian Paul Johnson: "After nearly five recorded millennia of floundering about in poverty, humanity suddenly in the 1780s began to hit on the right formula: industrial capitalism." Production and consumption in Britain soared a staggering 1,600% during the 19th century.

In the century of *Pax Britannica*, between 1815 and 1914, capitalism facilitated the economic takeoff of the Western world. Free enterprise made possible the full achievement of the Industrial Revolution that had been spurred on by the invention of the steam engine. The face of Europe was transformed. Textile mills grew up in Belgium and France. Businessmen flung railroads and canals across the American continent. Germany built the mighty Ruhr steel complex.

These developments, however, also involved wrenching social changes, as people whose families had lived on the land for centuries moved to often crowded, filthy urban industrial centers. Yet this early capitalism represented for millions an escape from a still more oppressive rural poverty. Even Karl Marx and Friedrich Engels wrote in the *Communist Manifesto* that capitalism "during its rule of scarcely 100 years, has created more massive and more colossal productive forces than have all preceding generations together."

Capitalism has exhibited a phenomenal ability to provide what consumers demand. It has consistently outperformed socialism. Writes Catholic Theologian Michael Novak: "No other system has so quickly and universally raised the levels of health, longevity and income of the entire world."

Early in the 20th century, Japan and Russia stood at approximately the same stage of economic development. Japan went the capitalist route and acquired Asia's highest living standard. Russia went the Communist path and has never produced consumer goods of quality or sufficient agricultural output.

The Great Depression beginning in 1929 was capitalism's harshest test. One-fourth of the U.S. labor force was unemployed, national output fell by half, and some 11,000 banks closed their doors. Capitalism was in large part saved by the innovative theories of British Economist John Maynard Keynes, who advocated temporary enormous government spending to get national economies growing again. Vast wartime expenditures in the early 1940s finally accomplished that.

During the quarter-century after World War II capitalism enjoyed its halcyon days. From 1951 to 1973 growth in the advanced industrial nations expanded by an average 4.8% annually, while inflation generally was low. U.S. presidential advisers by the late 1960s confidently claimed that they had captured the golden fleece of continued, noninflationary, high economic growth. The 53 recessions and depressions that had afflicted U.S. capitalism's previous 165 years were a part of history, they figured, much like the Black Death. This optimism came crashing down during the 1970s, a victim of excessive demand by Government and consumers and a sixteenfold increase in OPEC oil prices.

Yet, having survived wars, slumps and excessive booms, capitalism stands to surmount the current crises. Writes Left-of-Center Economist Robert Heilbroner, one of capitalism's most fervent critics and an advocate of central economic planning: "History has shown capitalism to be an extraordinarily resilient, persisting and tenacious system, perhaps because its driving force is dispersed among so much of its population rather than concentrated solely in a governing elite." After predicting its imminent collapse for well over a century, even capitalism's critics recognize the staying power of its ideas.

tations, several basic, if familiar, steps are necessary. The first is to reduce the previously excessive growth of money and credit in order to restrain demand and restore stability. Federal Reserve Chairman Paul Volcker has started a series of necessary credit-tightening measures to restrict demand. The second step is to limit severely government spending at the federal, state and local levels. The third step is to increase the supply of goods by giving tax incentives for saving and investment and to relax the regulations that force business to channel scarce capital into projects that may or may not be good for society but that create no new wealth.

Wage and price controls are an attractive temptation, supported, according to the latest public opinion polls, by a strong majority of the American public. But they remain fool's gold. Studies show that once mandatory price restraints are removed prices soar as high as or perhaps even higher than they would without any legal restrictions. Virtually all free-market economists, whether liberals or conservatives, reject mandatory controls as ultimately detrimental in fighting the causes of inflation.

The Energy Dilemma

In its bid to find a political scapegoat for roaring inflation, the Carter Administration has tried to place the blame almost entirely on OPEC for raising energy prices. While the foreign oil cartel is a major force behind inflation, it is far from the only one. Energy costs amount to about one-third of this year's projected 15.5% inflation rate. But indisputably, the new energy era poses a serious challenge to free-market economies. Modern industrial nations have been built on relatively cheap, easily available fuel. There is a real question of how, and whether, capitalism can continue to grow in an era of expensive, easily interrupted energy supplies.

The adjustment to energy scarcity has been made harsher because markets have not been allowed to operate properly. Only for a brief time during the 1930s were petroleum prices set entirely by supply and demand. The cost of oil: an astonishingly low 10¢ per bbl. Prodded by the major oil producers, the Texas Railroad Commission began controlling output, thus pumping up the price.

Later the multinational oil companies were powerful enough to manipulate prices up or down to guarantee the optimum production and maximum profit. The real price of oil declined by 50% between 1950 and 1970 because of abundant U.S. supplies and rich Middle East discoveries. Under the circumstances, it was perfectly reasonable for the U.S. to consume energy as lavishly as it did. But when oil demand scraped up against the limits of easy supply in the early 1970s and the OPEC producers began raising prices to levels previously unimagined, the importing nations were as helpless

"Capitalism makes mistakes like oil spills, but they are compartmentalized and hence limited. When Government makes a mistake, it is a big one, like the Post Office or Viet Nam."
Ben Heineman, president Northwest Industries

as an addict hooked on cheap heroin.

The best hope for ultimately restraining energy prices, increasing supplies and loosening the control of the cartel is to allow the market to function at last. Initially, there would be a severe penalty. If the U.S. removes all controls on oil, gasoline and natural gas, their prices will rise to world levels. This will reduce consumption and save oil for the most important uses, such as vital transportation or petrochemical production. This is the unavoidable step needed to establish correct energy prices and the basis for sound economic growth.

"Capitalism works best in nations that are strong and rich and not so well in the weak and poor. But capitalists have learned over the years that they had to do something for the less favored. There is a danger, however, that one can get confused about equality. Is it equality of opportunity or of result? It is better to make it equality of opportunity."
Kiichi Miyazawa, former Japanese Foreign Minister

No country, of course, can afford to renounce new energy technology. Unless and until the scientific breakthroughs make solar power or other sources feasible, nuclear energy will remain necessary both to provide enough power and to control fuel costs. France has shown the way to safe and extensive use of nuclear energy. By the mid-1980s the country will be getting 55% of its electricity from the atom, as compared to 19% with the U.S.

Challenges for Business

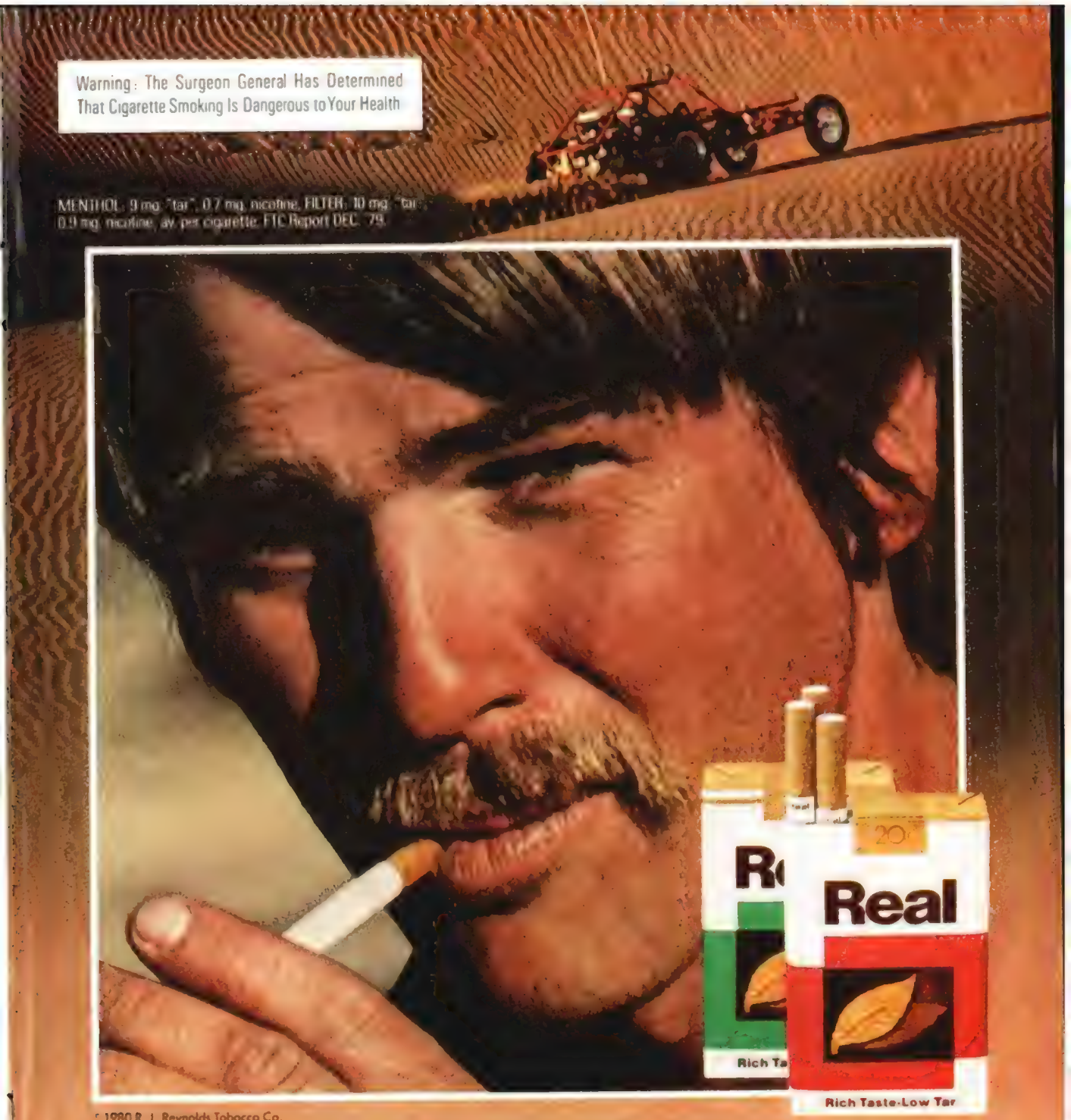
As free-market economies grapple with inflation, unemployment, slow productivity and low innovation, no private institution will come under more careful scrutiny or acute pressure than the corporation. The public's concerns about the role and rationale of the corporation are real, and businessmen who ignore them risk the demise of free enterprise.

Early capitalism did not foresee the rise and growth of the huge, bureaucratic corporation. Adam Smith opposed what he called the joint-stock company, arguing that hired managers would not work zealously for firms they did not own. More than a quarter-century ago, Harvard Economist Joseph Schumpeter glumly concluded that the very success of capitalism would undermine it, as impersonal corporations grew up and swallowed the entrepreneurial spirit.

While brilliant innovators such as William Norris (Control Data) and Frederick Smith (Federal Express) can still build large new businesses from scratch, corporate control has passed increasingly from entrepreneurial proprietors to hired managers. Leading companies are no longer owned by the founders' families. The Rockefellers control less than 5% of Exxon, the parent of the empire John D. Rockefeller built; ownership has spread to 687,000 individuals, mutual funds and pension plans. Such broad ownership gives still more control to managers.

Unlike gutsy founding fathers, corporate managers—responsible to boards of directors and subject to intense public and political scrutiny—are often less willing to risk, to dare, to take the calculated gamble on an innovative product or imaginative idea. Yet it was precisely far-out ideas that gave capitalism the creativity that it sometimes seems to lack today. For corporations, a prime challenge of the 1980s will be to find means of restoring the verve of the entrepreneurs, while preserving the best of modern management techniques.

One way would be to appoint younger chief executives. They would be more likely to look at long horizons and take the creative chances that would pay big



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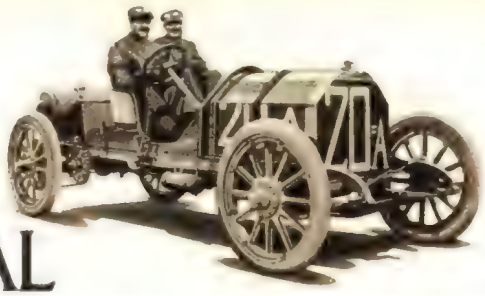

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FIAT

MOTOR CARS IN THE GREAT EUROPEAN TRADITION.

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dividends on some distant tomorrow. The median age of corporate chiefs is now 59, and so they are often driven to achieve short-term results. There is too much pressure for risk-free, sure and often modest success. Unless managers know—and the public understands—that they must be free to fail in some ventures or wait for the longer-term payoff, they will never take the daring step.

Government can stimulate the growth of entrepreneurial companies by reducing taxes on high-risk investments. When Congress in 1978 cut the maximum long-term capital gains tax from 49% to 28%, there was a burst of new investment in small, venturesome companies. Initial stock issues by such firms almost tripled, raising $592 million for them in 1979. If more new companies develop, they will give the big, old corporations a competitive run for their profits and act as a renewing force in capitalism.

Certainly the company's main objectives must remain production and profit, but the capitalist firm also has important social functions. The corporation will increasingly have to face the sometimes conflicting demands of the balance sheet and society. The new corporate constituency extends beyond the shareholders to embrace the company's employees, customers and the community at large. Demands for "social accountability" are increasing among legislators and consumerists and, very important, among younger corporate managers. Their questions are tough, and the answers are not clear-cut.

Should companies add more "public" directors, as demanded by powerful leaders, from Ralph Nader to Chairman Harold Williams of the Securities and Exchange Commission? Yes, if these outside directors add a new dimension of thinking, expertness and dedication to the corporation; but no, if they are merely tokens or single-issue obstructionists who would block rather than promote corporate initiatives and company welfare.

Should corporations firmly pursue affirmative action? Yes, if they make special efforts to consider qualified members of minority groups as well as women for almost every job and promotion; but no, if they set rigid quotas that compromise efficiency, dilute the meritocracy and grossly discriminate against whites and men.

Should firms accept reduced profits in order to spend much more to control pollution and improve safety? Yes, if the investment produces demonstrable results at a reasonable cost; but no, if the costs far exceed any possible benefits or place an oppressive burden on the company.

Some of these dilemmas require something close to squaring the circle. Compromises will be necessary and progress will be imperfect. The lesson of the past, activist decade is that, if capitalist managers do not take social actions voluntarily, unforgiving legislators and regulators will force them to do so, and the consequences will be harsh.

"Socialism might work if it were possible to invent a new man, but until then capitalism has the advantage in inventiveness. The only thing that can kill capitalism is for it to slip into bureaucratic stagnation. As long as we have the former peasant who has become a 19th century-type entrepreneur, the boorish type who doesn't care whether he is loved or not, capitalism will survive. When we lose that kind of man, we are in trouble."

Franco Ferrarotti, Italian sociologist

"In the rich, industrialized countries of the Western world, mixed economies will remain—but with diminishing power for capitalism. As is shown by its present crisis, capitalism will have diminishing influence."

Olof Palme, former Swedish Prime Minister

One of the modern corporation's most important new challenges will be in dealing with its own employees. Karl Marx's case for Communism was based in large part on the "alienation" of industrial workers, who felt estranged from society because of the dehumanizing nature of 19th century industrial life. The overwhelming size of many modern factories and offices now makes that alienation more acute. But attempts are being made to create a stronger sense of participation by workers in both their jobs and their firms.

These attempts range from experiments to reduce assembly-line monotony to employee stock-purchase or profit-sharing plans that give workers a larger stake in company earnings. The furthest reaching program is West German co-determination, which allots workers and management equal numbers of seats on the supervisory boards of large firms. But both sides have become somewhat disenchanted with the system. Management charges that union representatives have leaked board secrets, like plans to lay off employees. Workers claim that they are usually outvoted on the board by the employers, who have a tie-breaking extra vote in case of deadlock.

U.S. union chiefs have generally opposed board seats for employees, fearing that they might begin to think like managers and soften their wage demands. United Auto Workers President Douglas Fraser is expected to be elected a Chrysler director next month as part of an exchange for a somewhat lower raise for Chrysler workers than that given by GM and Ford. This is an exceptional and highly controversial case. Not many American unions are willing to trade off wages for a place on the board of a relatively prosperous company.

A well-functioning capitalist system nonetheless demands some social compact in which employers, unions and government recognize their common obligation to achieve price stability. A wages-chasing-prices-chasing-wages inflation does nothing for either a company or its workers. Some capitalist countries in northern Europe have commendable programs in which major unions, management and government leaders periodically and informally try to set wage-price goals. This kind of tripartite cooperation has been given credit for West Germany's relative success in fighting inflation.

It is doubtful that such concerted action in its present form could be adapted to the U.S. The method has worked in countries where a few large, national unions dominate labor. This makes a discussion among business, union and government easier to conduct and firmly commits all sides to any agreements. In the U.S., unionized laborers make up only about a quarter of all workers and are divided into many independent unions.

Nonetheless, American management and labor could imitate the cooperative, rather than adversary, approach that is common in northern Europe. Neither side would lose its independence or compromise its interests through joint discussions of ways to reduce inflation, raise productivity or stimulate investment and job creation. The hangover of ill will on both sides, which dates to the robber baron era of the turn of the century and the bitterly divisive 1930s, is blatantly archaic. What is needed more than anything else is a

new mind-set. Both workers and bosses are penalized by capitalism's serious difficulties, and both will have to contribute to the search for solutions.

Faces of Free Enterprise

Capitalist countries have reacted in various ways to the interlocking challenges of inflation and energy, sluggish growth and scarce resources. In a surprising number of cases, there has been a movement back toward market-oriented economic policies and growing disillusionment with welfare states that cost too much and deliver too little. Says Emile van Lennep, head of the Organization for Economic Cooperation and Development: "It is quite clear now that in the industrialized democracies we let the success of the 1960s go to our heads. In responding to the rising economic and social aspirations of our people, we allowed our economies to become overloaded, overregulated and insufficiently profitable."

The most ambitious experiment in freedom is British Prime Minister Margaret Thatcher's attempt to unwind a socialist mess by cutting income taxes and reducing subsidies to inefficient, government-controlled industries. Thatcher's bold program is being severely tested by labor unrest and continued high inflation. French President Valéry Giscard d'Estaing two years ago also started to turn the rudder of economic policy. His government decontrolled many basic prices, including those of bread, which had been regulated since the let-them-eat-cake days of 1791.

Even in Scandinavia, where government control has been pervasive and popular, citizens in recent elections have called for less of it. After 44 years in office, Sweden's Socialists were voted out in 1976, and last year they were again defeated. Denmark, Norway, Finland and Iceland have all moved to the center in their latest elections.

Perhaps the world's most successful capitalist society is West Germany. Though the government is nominally center-left and holds minority interests in the steel, oil and auto industries, it interferes little in the thriving private sector. Chancellor Helmut Schmidt will run for reelection this fall with a record that would be any other politician's dream: last year the economy grew 4.4%, inflation was 4.4%, and productivity increased 3.5%.

Capitalism in Japan

Because no nation has come half so far so fast, Japan is envied by capitalists elsewhere and looked upon as an example to emulate. Thirty years ago, its war-shattered economy was little more than one-third the size of Britain's. Today the Japanese G.N.P. exceeds the combined total of Britain and France, and the gap is certain to widen in the years ahead.

The Japanese variant of capitalism cannot be readily or precisely copied, except perhaps by a few Asian countries, because it is rooted in a homogeneous, hierarchical society with a not so distant feudal past. Changes are slowly taking place, but disciplined workers still display an almost mystical loyalty to their companies, and paternalistic employers reciprocate by guaranteeing job security. Leaders of business, banking and government are members of a unitary elite, and they have a snug relationship.

But Japan's system of capitalism does provide a lesson for the U.S. in one crucial respect. The nation's power elite, which shapes and guides the course of the economy as a whole, practices a democratic ideal that individualistic Americans claim as their own but often seem to ignore: the spirit of compromise and consensus. This has enabled the group-oriented Japanese to apportion wealth and nurture growth in one of the world's most cramped and populous countries.

Though Japan's domestic markets are highly competitive, Japanese businessmen and government officials do not see one another as adversaries but as collaborators on behalf of the economy. They worked together, for example, in meeting the automobile pollution problem early in the 1970s. Reports TIME Tokyo Bureau Chief Edwin Reingold, who previously was stationed in Detroit: "Unlike the U.S. Congress and successive Administrations, the Japanese did not pick nice-sounding numbers out of the smog and set standards that nobody knew how to meet. Instead, they handled the emissions problem scientifically, taking cost-benefit ratios into account in order to leave the companies with enough capital to develop new products. The emissions standards and timetable were set in cooperation with the auto industry. When a postponement was required, the government granted it without public debate. As a result, the Japanese auto industry is fully two years ahead of Detroit in auto emissions control."

Japan must import 99.7% of its oil, as well as almost all the coal, iron ore and other raw materials needed to keep its production lines humming. To soften the blow of rising commodities prices, the triumvirate of banking, business and government has pursued a subtly effective policy of slowing the growth of resource-intensive industries such as steel and petrochemicals, and channeling more of the nation's capital into "knowledge-intensive" industries such as microelectronics and computers. That is one reason why, throughout most of the energy-dazed 1970s, Japan has held inflation relatively low and employment high, a record that is the envy of more bountifully endowed nations.

Free enterprise by consensus: Japan's Prime Minister Masayoshi Ohira

When the government decides to "encourage" an industry, as it did with steel in the 1950s, autos in the 1960s and television and computers in the 1970s, a mighty machine goes into action. The state-owned Japan Development Bank makes low-interest loans to manufacturers and suppliers in the field. Private bankers know that the government expects them, too, to give easy credits. Companies working on a new technology can get a 50% government subsidy, provided they turn over the basic patents to the Ministry of International Trade and Industry. MITI then offers the technology, for a small royalty, to any Japanese manufacturer.

Rather than yielding to the pleas of special interest groups to prop up badly managed and uncompetitive firms, the government usually tries to purge the economy of them as quickly and smoothly as possible. When Japan's shipbuilding industry, which accounts for fully 50% of the world's capacity, ran aground in the 1974 recession, the government began urging the yards to diversify into other lines of business such as industrial machinery, antipollution equipment and desalination plants, and encouraged banks to make available the necessary financing. Orders for ships have picked up again, and the slimmed-down industry is benefiting.

Procedures for getting the public to support broad shifts

Bonn's enviable record results from policies that foster—in addition to cooperative labor-management relations—tight money, a strong currency and a high savings rate.

Capitalism is flowering expansively in Asia. In addition to Japan's fabled success, South Korea, Taiwan, Singapore and Hong Kong have prospered by using the classical capitalist tools: private initiative and the profit incentive. Over the past four years the Hong Kong economy has grown by an amazing 12.75% annually, while unemployment has been a modest 2% despite huge influxes of refugees from neighboring China. During that period, per capita real income increased 25%.

Capitalism is even showing its first blush in post-Mao China. As part of the Four Modernizations programs, Communist leaders are rehabilitating former capitalist "running dogs." Nearly 5,000 older entrepreneurs have been asked back to become factory managers or advisers. Their confiscated capital has been returned, with interest, and China now has some 100 millionaires in U.S. dollar terms. Hu Qiaomu, the director of the Academy of Social Sciences, admitted in a policy statement in the *People's Daily* that China has had to adopt such capitalist principles as "the pricing system, the rule of value, and the advantage of material incentives."

It is in the developing nations of the Third World that capitalism today is weakest. Most new countries lack an entrepreneurial class, and they usually adopt some form of statism. Often, existing elites in tribes or clans prefer a centralized system that reinforces their own authority.

Yet those developing countries that have pursued the strongest centralized economic planning have fared the worst; those that have adopted some degree of private initiative have achieved the most impressive economic gains. Take the cases of neighboring African countries that have similar peoples, natural resources and other conditions: free-enterprising Kenya has surged, whereas Tanzania's command economy has slumped; the Ivory Coast is capitalist and prosperous, while neighboring Guinea is socialist and impoverished.

Capitalism will face serious challenges in the Third World during the 1980s. The colonial era is only just over; distrust of the old rulers and their economic systems runs high in developing countries. OPEC's price increases are just the first grab by these countries for a larger share of the wealth of the industrial nations. Third World demagogues will doubtless

(third from left) and business leaders discussing the national budget

in policy are built right into the political system. Though responsibility for overall economic policy rests with the Premier and his Cabinet, all government departments and agencies have policy study groups that range from a handful to 200 or more businessmen, scientists, lawyers, journalists, farmers and others. Usually, the outside advisers approve departmental actions, but sometimes policy initiatives are scrapped. Example: to help close a fiscal 1980 budget deficit, the Finance Ministry last autumn recommended a corporate tax increase. It was shelved when businessmen on the ministry's Tax System Deliberation Council convincingly argued that the move would stifle growth.

From the lowliest bureaucrat to executives in the boardroom, tens of thousands of Japanese eventually get involved, directly or indirectly, in the formulation of policy, either through the study groups or perhaps the nation's ubiquitous, highly effective industrial associations. Their job is to lobby the interests of member corporations before the government, a task eased by a bit of Japanese back-scratching known as *amakudari*—literally, descent from heaven. It refers to the practice whereby retiring top bureaucrats are quickly hired as top executives of the companies they once regulated. Yusuke Kashiwagi, a former Finance Ministry official, is now president of the Bank of Tokyo; Eimei Yamashita, a former trade official, is a managing director of Mitsui & Co.; there are many more.

Consensus building sometimes takes years, but when urgent action is needed the government resorts to "administrative guidance." That is a sort of friendly persuasion by which the government officially "recommends" certain action, leaving the follow-through to industry itself. In 1978, for example, the Carter Administration strongly pressured Japan to cut its U.S.-bound color-television shipments. To prevent companies from engaging in a disruptive price war by rushing for shares of the smaller U.S. market, the Japanese government ordered the industry to reduce color-TV shipments to the U.S. by 50%. The administrative guidance was enforced by the industry's trade association, which parceled out the resulting market shares to member firms on an equitable basis.

A firm seldom ignores administrative guidance because other companies would consider that firm a pariah, and the government can easily tie up an offender's business in red tape. The whole system is made smoother because Japanese business and government chiefs understand one another: the flick of an eyebrow, the yes that is not really a yes, the small nuance of conversation that can never be written down. Comprehension comes because these leaders usually have the same roots of culture and class. Often, they have gone to the same elite schools and universities. Says Norishige Hasegawa, chairman of Sumitomo Chemical Co., as he points to his school necktie: "The old-school-tie system is not unique to Japan, but we do not have as many different schools as Western countries do."

Japan's approach to capitalism is by no means free of problems. Even wealthy Japan has limited capital resources. To stimulate investment in export industries, the nation has held taxes low and scrimped on domestic spending. Housing and such basic necessities as roads and urban sewer systems remain inadequate. Demands for improved public services are bound to intensify, and that could lead to higher taxes, slower industrial growth, and the danger of growing disputes over how the country is to spend its riches.

At least part of Japan's robust glow comes not so much from genuine growth as from enormous and potentially inflationary deficit spending, which last year totaled 40% of the government's budget. The deficits were designed to lift domestic demand for Japanese products as the slowing world economy and increasing protectionist sentiments abroad began to cut into exports. In 1980 real growth is expected to slide from a current annual rate of 6.3% to 4.8%, and inflation to rise from 4.5% to at least 6.4%.

These trends are troublesome but not critical. It is anticipated that unemployment this year will climb only fractionally, to not much more than 2% of the labor force. Though Westerners might well find the consensus system stifling, opinion polls show that most Japanese are satisfied with their lot. Altogether, Japan continues to do much better than most of the rest of the world, capitalist or not.

push a soak-the-rich program on an international scale. The staggering $350 billion that the developing countries will owe international banks and institutions by the end of this year will create another source of potentially dangerous global tension. Warns Father Theodore Hesburgh, president of the University of Notre Dame: "The real threat to capitalism is the maldistribution of wealth across the globe. We cannot hope for world peace when 20% of the people in the world have 80% of the goods."

But the situation cannot be solved simply by aid or "reparations" to the poor. True, free enterprise governments must be ready to help through development aid and also by opening their markets to more Third World exports of both traditional raw materials and new manufactured goods. As former West German Chancellor Willy Brandt concluded in a study done for the World Bank this year, rich and poor nations will mutually benefit from a progressing world economy; stagnations and protectionism will ultimately harm both. Yet underdeveloped countries must also help themselves by hard work, realistic economic policies and guarantees for outside investment.

The multinational corporation, which Father Hesburgh calls "the colossus of capitalism," should be a leading force in the stimulation and redistribution of the world's wealth. Says Hesburgh: "The multinationals are among the greatest resources for transferring technology and education. Most do it well; some are exploitive. But rather than pillorying them, we ought to be using them."

At their best, multinationals are the ultimate exporters of capitalism. By creating jobs, training technicians, grooming managers, awarding contracts to myriad local suppliers, and selling shares to local investors, they create a capitalist middle class. That is not their primary intent, of course, but they usually do good while doing well. In the 1980s, GM Chairman Murphy sees even larger profit potential in the yearning new markets of the Third World than in the advanced nations, where growth will be slower.

The multinationals, of course, will also be obliged to prove that they are not just carpetbaggers who despoil the environment, exploit labor and then close up shop once they have reaped their profits. Host governments are increasingly fearful that multinationals can quickly shift plants, jobs and capital from one country to another to extract the maximum profit and the most favorable taxes. To ease these anxieties, many multinational officers are willing to accept a convincing international code of conduct, pledging them to reinvest much profit and generally to be good corporate citizens in developing nations.

RANKING SOME OF THE ECONOMIES

	PER CAPITA G.N.P. in U.S. dollars	GROWTH % rise in real G.N.P. annually	INFLATION % rise in C.P.I. annually	INDUSTRIAL PRODUCTION % rise annually	PRODUCTIVITY % rise in output per hour worked
United States	$9,700	2.3%	14.1%	4.2%	0.6%
Sweden	10,210	3.8	13.6	6.5	5.7
W. Germany	9,580	4.4	5.6	5.1	3.6
Canada	9,170	2.8	9.4	4.2	4.7
Japan	7,390	5.1	8.0	8.8	7.9
Britain	5,030	2.0	19.1	3.6	1.8
U.S.S.R.	3,750	2.0	N.A.	3.5	2.5
Brazil	1,570	6.4	77.2	6.9	3.5
Kenya	300	3.0	10.0	14.3	N.A.
Tanzania	230	4.5	12.0	3.8	N.A.

Latest comparable statistics available. Per capita G.N.P. figures are for 1978.

THE STATE'S PIECE OF THE PIE

	Postal Service	Telecommunications	Electricity	Gas	Coal	Railroads	Airlines	Autos	Steel	Shipbuilding	Government spending (as a % of G.N.P.) 1962	1978
United States	●	○	◔	○	○	○	○	○	○	○	28.4	32.2
Australia	●	●	●	●	○	●	◕	○	○	*	19.3	24.5
Brazil	●	●	●	◕	◕	●	◔	○	◕	○	12.0	35.0
Britain	●	●	●	●	●	●	◕	◑	◕	●	40.5	43.9
Canada	●	◔	◑	○	○	◕	◑	○	○	○	34.4	46.0
France	●	●	●	●	●	●	◕	◑	◕	○	36.3	43.0
Italy	●	●	◕	●	-	●	●	◔	◑	◕	32.4	47.3
Japan	●	●	○	○	○	◕	◔	○	○	○	12.3	16.5
Sweden	●	●	◑	●	-	●	◑	○	◔	◕	36.0	61.6
W. Germany	●	●	◕	◑	◑	●	◕	◔	○	◔	35.6	48.5

● Nationalized or owned outright ◕ 75% ◑ 50% ◔ 25% ○ Little or nonexistent (or privately owned)
* Majority in shipbuilding

A Fateful Rivalry

In both developing and industrialized countries, Communism and capitalism for decades have fought intense battles that have often resembled the 17th century wars of religion. Free-market advocates correctly point out that the command economy has performed dismally. In a system where the millennium is always at the end of the next five-year plan, the concrete results in Communist societies have regularly been insufficient agricultural output, inadequate and substandard consumer products and few personal freedoms. Rather than creating the promised classless society, Communism has always established its own "new class," which enjoys special privileges and benefits.

Capitalism's critics likewise have railed against the inequities, uncertainties and the social flux it creates. As Karl Marx saw it, "All that is solid melts into air, all that is holy is profaned." Foes charge that the capitalist system perpetuates grave inequalities of wealth and extravagantly rewards success. Communists proclaim that capitalism demands periodic depressions as the way to keep workers poor and subservient. Psychoanalyst Erich Fromm wrote that 19th century capitalism's drive for profit made people overly competitive, warped and aggressive. Finally, Economist John Kenneth Galbraith argues that free enterprise values wasteful private consumption more than needed public services.

Such charges are extreme and often unfounded. For the most part, the inequality of wealth under the free enterprise system is the unavoidable price that must be paid for genius, hard work or plain luck. The equality of results demanded by many leftist reformers would stultify society; complete equality can only be enforced by dictatorship. Income-leveling experiments in Britain and Scandinavia have proved that an economy without re-

ward for success produces social entropy. There is little incentive for anyone to do more than the minimum necessary to maintain his own standard of living. Argued Winston Churchill: "The inherent vice of capitalism is the unequal sharing of blessings; the inherent virtue of socialism is the equal sharing of miseries."

Certainly, the large divergence of income within capitalist societies can be a cause of serious social tensions. In the society described by Plato in *The Laws*, no person would be permitted to be more than four times richer than the poorest. In the U.S. the upper 20% of the population earn 46% of the income, a figure that has changed very little in the past generation. In France that same group earns 44% and in Britain 40%. But those who complain that the chairman of General Motors earns nearly $1 million a year never criticize the Who for pocketing that much or Marlon Brando for collecting that sum for just one motion picture. Any attempt by government to set limits and establish "just incomes" or "equitable incentives" would quickly break down or be arbitrarily and rigidly enforced. The progressive income tax and social welfare programs have become capitalism's methods of providing some income leveling.

Rather than pushing workers deeper into poverty, as Marx predicted, capitalism has lifted the vast majority of laborers into the middle class. In addition, modern unions have given employees a counterforce to management's power. An economic downturn now hits harder at corporate profits than at wages, which are usually fixed by contract.

Contemporary economic policies have attenuated, though not eliminated, the peaks and troughs of the business cycle. Recessions are not only unavoidable but often beneficial—despite the pain they cause some individuals—to society as a whole. They can purge the system of excesses, failed products and mismanaged companies. Since World War II such slumps have been less severe; social programs like unemployment insurance mean that they are not as painful as in the days of unbridled capitalism.

While Communist theory assumes that people are instinctively good and cooperative, but in practice does not trust them to be free, capitalism has never had any such illusions. Adam Smith maintained that among the most powerful forces in society was "the desire of bettering our condition." Capitalism seeks to use this desire to benefit the whole society.

Collectivist systems have failed to achieve their professed ideals. Pure Communist societies, from 19th century utopian communities like New Harmony, in Indiana, to the hippie communes of the late 1960s, have struggled with the reality of individual self-interest. Sixty years of Soviet efforts to make workers more productive and innovative through slogans, medals, bonuses and threats have not overcome the basic problems of the U.S.S.R.'s inefficient agriculture and erratic industry. Bertolt Brecht, the Marxist German dramatist, said sardonically after the 1953 workers' riots in East Berlin that in view of the system's problems with its subjects, it might be easier to "dissolve the people and elect another."

"Capitalism is being questioned as it was in the '30s, but there is less possibility of a change of systems. Then the West had alternatives to capitalism —socialism, social democracy, fascism. Now in the West there are no such alternatives. And a system will not die unless it is pushed aside by something else."

Piero Bassetti, Italian Christian Democrat and political economist

The type of material goods produced by capitalism, or by any economic system, returns to what Lenin called the question of "who-whom." Who is to direct and dominate whom? Where is society's Solomon? Who is to decide that this year a nation should produce heart valves rather than vacation houses? The market system provides the most democratic answers. Rather than a government planner's dictating what a society should produce, consumers themselves decide what they buy. They vote in the marketplace. This is not invalidated by the fact that the votes—and the market—can sometimes be manipulated. Capitalist bosses, for all their power, have far less real sway over people than Communist planners.

For all capitalism's proven success in producing material prosperity, the ultimate justification for the system does not rest on its output of cars or cosmetics. Capitalism's fundamental rationale is that it permits and promotes freedom by enhancing the rights of the individual and limiting the power of the state. While some capitalist countries are not democracies, no Communist or totally socialist economy has remained a democracy for long. And every democracy practices some version of capitalism. The reason is clear: political freedom is impossible without economic freedom. As the British poet and essayist Hilaire Belloc noted, "The control of the production of wealth is the control of human life itself."

During the past year a group of American, Canadian and British theologians conducted a long-distance debate on the moral justification of capitalism. The majority concluded it offers greater moral freedom than any other economic system. Said Anglican Edward Norman: "Capitalism is full of minor evils, existing beneath the umbrella of its overall good effect of preserving individual freedom. Capitalism has a good case to argue. It is the case of freedom." The fact remains that throughout the world, millions prefer security to freedom, or think they do, never having known real freedom. Indeed double-think Communism teaches them to redefine security *as* freedom.

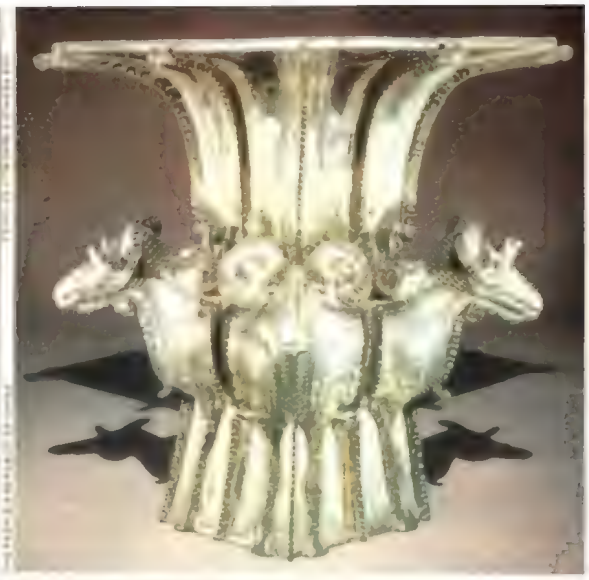
"Capitalism presents much greater possibilities [than Communism] for the development of personal initiative. These democratic values cannot be entirely separated from the capitalist economy. Under the socialist system, the owner of every enterprise, the boss at every institution is the state. And if a person of a democratic turn of mind protests against this system, then he cannot work. The state is boss everywhere. If he doesn't please the boss, he won't be accepted."

Roy A. Medvedev, historian Marxist and Soviet dissident

Inflation and the other problems of the new age of expensive and scarce energy will place tremendous pressure on Western societies and their economies. The transformations in cities and companies, in living place and work place, will be on a scale not seen since the Industrial Revolution. No amount of rhetoric, false promises, or chases after demons of whatever stripe will help to confront this transformation. Increases in living standards will be moderate, and growth will be slower.

While tackling the herculean tasks, capitalism must demonstrate anew the daring and flexibility that were once its hallmarks. Plainly, capitalism is not working well enough. But there is no evidence to show that the fault is in the system—or that there is a better alternative. Though neither comfortable nor easy, free enterprise contains the protean potential that will be needed in the coming difficult years. For all its obvious blemishes and needed reforms, capitalism alone holds out the most creative and dynamic force that any civilization has ever discovered: the power of the free, ambitious individual. — ***George M. Taber***

Belligerent rhinoceros from a 3rd century B.C. container



Rams support a Shang wine vessel

Art

Bronzes and Terra Cotta Soldiers

At the Metropolitan Museum, a treasure trove from China

Six years ago, farmers digging a well in a cornfield near the Yellow River in China's Shaanxi province came upon a pottery figure. Subsequent organized digging uncovered an amazing archaeological find: a magnificent buried army of life-sized terra cotta soldiers, rank on rank, some 7,000 strong—charioteers behind chariots and horses, mounted cavalrymen, kneeling archers, thousands of spearmen, each individually sculptured and fully detailed. Scholars determined that the terra cotta army was commissioned by Qin Shihuangdi, the first Emperor of China, as a guard for his tomb, which lies nearly a mile to the west of the dig, under Mount Li.

Last week six of the warriors and two of the horses went on view at New York's Metropolitan Museum of Art as part of its newest exhibit, "Treasures from the Bronze Age of China," which will later go to Chicago, Fort Worth, Los Angeles and Boston. "Age" is the key word, since the terra cotta figures are obviously not bronze; chronologically, though, they do belong to the period, albeit its very end. The public will be grateful that the dramatic figures were included—even if they were not absolutely needed. For the show has bronzes enough to dazzle anyone. In fact, it is a far more impressive and selective exhibit than the one the People's Republic sent to the U.S. in 1974. Then, at a time when Washington had still not formally recognized the Peking regime, negotiations were conducted only at the top level of both governments, and the U.S. had to take what the Chinese chose to make available. This time the Met's own curators were invited to China and could discuss with their Chinese counterparts the choice and number of objects. Many of the items in the Met's show were discovered only in the past several years.

Among the 105 objects on display is a graceful three-legged wine cup from the Shang dynasty. Dating from about 1750 B.C., it is the earliest decorated bronze yet found, but its elegant shape and fine detail suggest that a sophisticated craftsmanship must have already existed for several centuries. During the Shang period, which lasted until 1030 B.C., bronze was so precious that it was strictly the prerogative of royalty, and even then used largely for sacramental rites honoring gods and ancestors. In fact, the vessels known as *dings*, which are characteristic of the time, were symbols of the divine right of rulership. The most prevalent Shang decoration was a mysterious beast whose eyes were always carefully articulated but whose body dissolved into indeterminate abstract swirls.

Gilded girl holds a consort's lamp

The smoke went up her hollow sleeve

For the most part, Shang craftsmen from the area near the Yellow River tried to make their decorative designs blend with and enhance the vessel's shape. Artisans in more remote regions—Shang influence ranged over a geographical area the size of the whole eastern U.S. from Maine to Florida and inland as far as Ohio—were more adventurous, as shown in one vessel whose corners become rams' heads supported by thrusting foreshoulders and incised feet. Not content, the artist decorated the rams' haunches with crested birds, and set snakelike dragons coiling around the vessel's shoulder.

Some of the finest objects in the show come from the tomb of Fu Hao (circa 1300 B.C.), which was unearthed at Anyang only four years ago. A formidable woman, Fu Hao was the consort of the Emperor Wu Ding; on occasion, she led his armies into battle. Her tomb contained 200 bronze vessels, some 600 sculptures and ritual objects of jade and stone. Most charming among the bronzes is a pitcher in the shape of an owl; among the jades is a stylized crested bird with a sweeping tail that any art deco designer could be proud of.

Late in the 11th century, Shang rule

Archer and (below) charioteer's horse

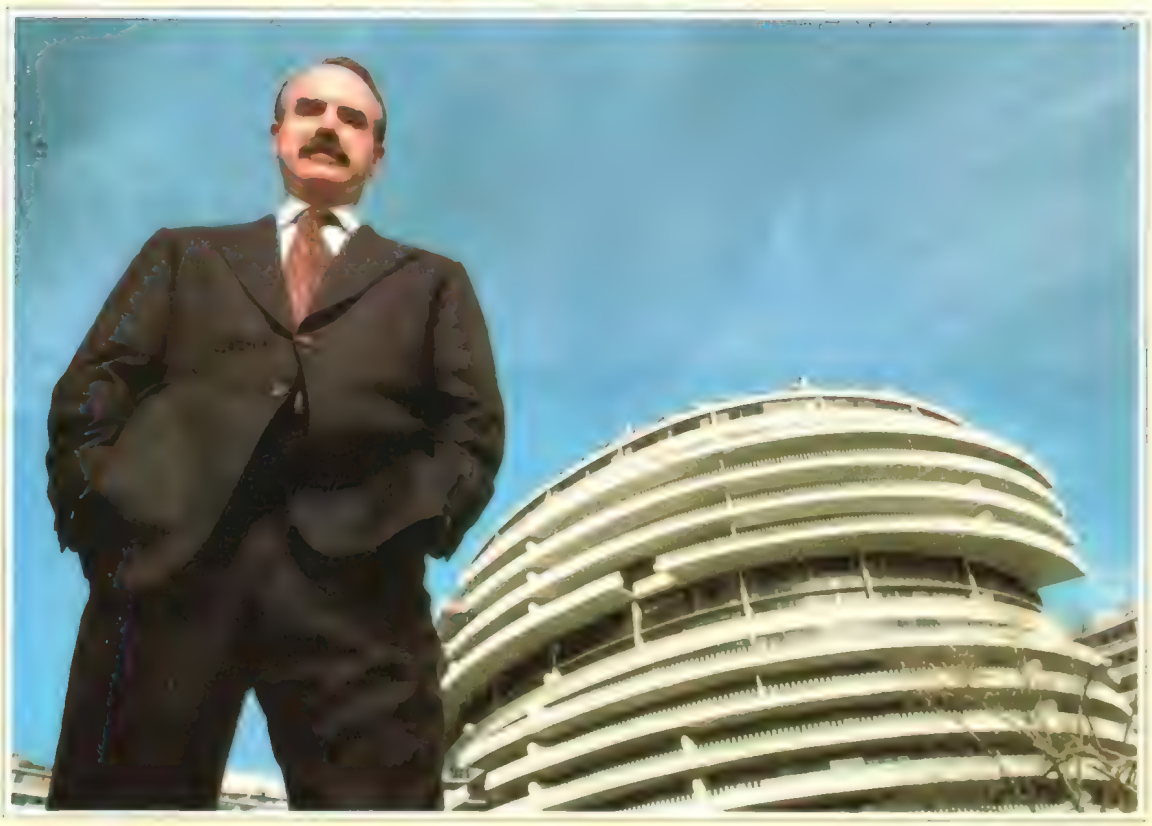
was supplanted by the Zhou dynasty, and one of the museum's outstanding exhibits is a stolid bronze vessel whose inscription records that it was cast on the eighth day after the Zhou victory. The Met is still amazed that the Chinese agreed to let it leave the country. "It's like lending the original copy of the Declaration of Independence," says Assistant Curator Maxwell Hearn. Over the next eight centuries, Zhou craftsmen became increasingly uninhibited in adding figures to their vessels, as handles or simply as decoration. One massive vase is supported by eight crouching felines and topped by an insouciant and realistic crane with half-spread wings poised as if for takeoff. By the late 3rd century B.C., some artisans were dispensing with the traditional vessel forms entirely, as attested by a container fashioned in the shape of a rhinoceros. Its creator seized on the skin folds around the beast's neck to impose a bold, abstract pattern on a powerfully articulated form. From the tomb of Dou Wan, consort of the 2nd century Han prince Liu Sheng, comes the figure of a kneeling girl. The lamp she holds is pivoted so that light could be directed as her mistress might wish. Smoke from the candle within passes up through the girl's sleeve and on into the hollow body, so no soot would dirty the room. The girl's face is a paradigm of portraiture, her gaze at once attentive and suitably deferential.

Chinese archaeologists feel that they have only scratched the surface in the vast central area that was the core of the Middle Kingdom. Even for the Qin tomb, the newly unearthed army is just a beginning. The tomb, girdled by four miles of wall, lies under a 150-ft.-high tumulus where excavation has yet to start. It may or may not be as rewarding as the dig for the warriors, who can thank grave robbers for their remarkable preservation. Only four years after the death of Shihuangdi, marauders made off with all the bronze weapons the soldiers carried, and set fire to the wooden roof that covered the long rows of the terra cotta army. The roof collapsed and buried the soldiers alive, as it were, much as Vesuvius' lava covered the citizens of Pompeii. The tomb may have been similarly looted—it must have been an irresistible target. For the Emperor was no ordinary man; he planned no small plans. (Once, when a storm foiled a projected trip to Mount Xiang, he took revenge by ordering the mountain shorn of all its trees, and then painted red.) Once Shihuangdi had unified China's warring factions, he had his laborers connect many separated ramparts against the northern nomads to form the Great Wall. He standardized weights and measures, and installed a common currency and written language. He began the construction of his tomb even before he had consolidated his conquests. The work took 36 years. According to a historian writing about a hundred years after Shihuangdi's death in 210 B.C., some 700,000 conscripts worked on the burial chamber, which they "filled with [models of] palaces, towers, and the hundred officials, as well as precious utensils and marvelous rarities. Artisans were ordered to install mechanically triggered crossbows set to shoot any intruder. With quicksilver, the various waterways of the empire, the Yangtze and Yellow rivers, and even the great ocean itself were created and made to flow and circulate mechanically."

What grave robber could resist a target like that? The tumulus is still there, looming above the flat plain, a beacon and a challenge for China's archaeologists, a possible trove of treasures outdazzling even those on exhibit at the Met.

— *A.T. Baker*

Terra cotta warriors, as first uncovered, emerge from a field near the Yellow River (left), and as reassembled by Chinese archaeologists



Watergate's Sphinx Speaks

WILL: The Autobiography of G. Gordon Liddy

The date was June 4, 1973, the setting a closed session of Senator Sam Ervin's Watergate Committee. G. Gordon Liddy was scheduled to testify before newsmen and TV cameras. But first he had to be sworn in for preliminary quizzing, and Ervin drawled the routine question: "Do you solemnly swear to tell the truth, the whole truth and nothing but the truth, so help you God?" Liddy's frank answer to the committee: "No."

It was Liddy's refusal to talk about his role in the Watergate scandal that sent him to prison for a longer term than any other Watergate figure. Convicted of nine felonies, he was sentenced to 20 years in prison and served nearly five before President Carter reduced his sentence. During this time, Liddy steadfastly refused to speak, earning notoriety or, for some, admiration, as "the Sphinx." Now the Sphinx has finally decided to talk. He does so in an autobiography titled simply *Will* (St. Martin's Press; 384 pages; $13.95). The book, out this week, was kept under tight wraps; a first printing of some 100,000 copies was on its way to U.S. booksellers before they were even aware of its existence.

Why is Liddy finally lifting his self-imposed lid? In a preface he explains that the statute of limitations has run out on the Watergate crimes; thus his story cannot now cause his former colleagues any legal problems. He explains that he has been persuaded that he "owes a debt to history." Besides, although he does not mention it, he still has to finish paying off a $40,000 fine and some $300,000 in debts to lawyers

Liddy sticks with a lawyer's precision to those acts in which he was a participant. He does not speculate about what Richard Nixon knew and when he knew it. He describes the reasons behind the Watergate break-ins, adds new detail to accounts of the bungled burglaries and contradicts the testimony of some of the other principal figures. He portrays the CIA as quite willing to involve itself in domestic politics, even providing derogatory cartoons of Ted Kennedy for use if the Senator had decided to seek the 1972 Democratic presidential nomination

What is most striking about *Will* is what it reveals about the kind of man who will do anything to stop those he sees as his country's enemies. Liddy tells how he plotted to kill Columnist Jack Anderson and drug Daniel Ellsberg for revealing classified information. After Howard Hunt, his Watergate crony, cooperated with investigators, Liddy fully expected to get, and made plans to carry out, an order to kill him. Liddy remains unrepentant. He regrets only that so many others failed to keep their silence. Perhaps more than any of the Watergate characters, Liddy embodied the principles underlying the scandal that destroyed a President. Some excerpts from his book follow

Photo of Liddy at the Watergate by Neil Leifer Illustrations for TIME by James McMullan

Rats, Lightning and Terrors of Childhood

Born on Nov. 30, 1930, George Gordon Battle Liddy grew up in Hoboken, N.J., within a few blocks of the Hudson River docks. His father was a successful Manhattan attorney. The elder of two children, Gordon Liddy was a sickly, timid child.

My first memory: absolute, overwhelming fear.

Lying on the floor as my paternal grandmother lashed me with a leather harness shouting, "Bad! Bad!" Fear. My mother insisting I not use my left hand as she forced me into right handedness. More fear. Coming upon a truck-mounted vacuum, a giant air hose snaking across the sidewalk, suction engine roaring as it cleaned furnaces. Running from the certainty that I would be sucked inside the monster bag. Fear. Soon my every waking moment was ruled by that overriding emotion: fear.

Even in the depths of the Depression, we had a maid. Her name was Teresa. She was a German national. I loved her.

Teresa's country had been, she said, in deep trouble. Now, however, a wonderful man had risen from the people and was solving all their problems. One day Teresa was excited. *He* was going to be on the radio. Eagerly, I joined her. We could tell when *he* was about to speak. The crowd hailed him in huge swelling ovations. *"Sieg!"* someone would shout, and what seemed like all the people in the world would answer with a roar, *"Heil!"* For *he* was their leader, der Führer, Adolf Hitler.

When I spoke of this man to my father, he became angry. Adolf Hitler, he said, was an evil man who would loose upon the world all the destruction of war. I was to stop listening to him. I continued to listen, though less frequently. Teresa had said that Adolf Hitler had raised her country from the dead . . . and delivered it *from fear!*

For the first time in my life I felt hope. Life need *not* be a constant secret agony of fear and shame. If an entire nation could be changed, certainly so could one person. I knew what I had to do: To change myself from a puny, fearful boy to a strong, fearless man, I would have to face my fears, one by one, and overcome them.

In 1941 my father bought us a beautiful new house in West Caldwell, N.J. Almost as soon as we arrived my sister acquired a cat she named Tommy. One October day in 1941, Tommy left a dead rat on the kitchen steps and I found it. The carcass was still warm and remarkably undamaged. To demonstrate to myself my lack of fear, instead of using a stick I picked it up with my hands. Then I got the idea for a test to destroy forever any dread I might still harbor for rats. For the next hour, I roasted the dead rat. With a scout knife I skinned, then cut off and ate the roasted haunches of the rat. The meat was tasteless and stringy. Finished, I buried the rest of the carcass. As I stamped down the earth over the remnants of my meal, I spotted the cat, Tommy. I smiled: from now on rats could fear *me* as they feared cats; after all, I ate them too.

Facing the fear of lightning

On a Saturday afternoon in September, the western sky blackened and the wind rose. Thunder began far away. Soon I could see the glow of lightning. I left the house quietly by the back door. I brought with me a 4-ft. safety belt I'd fashioned with a clothesline rope, a D-ring and a metal snap link.

The tree I had chosen was a pin oak about 75 ft. tall. Some 60 ft. up I lashed myself to the trunk with the belt. My eyes were closed—against the stinging rain, I told myself, knowing it was a lie. I didn't want to see the great blue flashes of lightning. *Open your eyes,* I commanded myself, OPEN YOUR EYES! I did. It was chaos. The earth danced as the tree trunk swayed and snapped back against the wind.

There was a short, enormous tearing sound that overwhelmed the screaming of the wind, and the world turned strobe blue. The instantaneous thunderclap was an explosion of such short duration and intensity it sounded like a twelve-gauge-shotgun blast six inches from my ear. I had been holding my breath. I let it out with a shout of pure joy. I was still alive! I shook my fist at the wildly pitching sky. "Kill me!" I shouted. "Go ahead and try! I don't care! I DON'T CARE!"

Liddy wept when World War II ended, for he had missed it. Eager for combat during the Korean War, Liddy, fresh from Fordham, was assigned instead as an Army lieutenant to antiaircraft batteries in New York City. After his discharge, he met "the woman I wanted to bear my children," Frances Ann Purcell: "A Teuton/Celt of high intelligence, a mathematical mind, physical size, strength and beauty, she had it all." Liddy finished Fordham law school, passed the New York bar exam in July 1957, and in September was sworn in as an FBI agent. "I submitted a memo on Frances [to the FBI] and had her checked," he writes. "She was clean." The two were married on Nov. 9, 1957, as Liddy was finishing training at the FBI Academy. At the wedding ceremony, Liddy wore a gun under his morning coat.

I enjoyed two kinds of training the most; firearms and "defensive tactics." I learned how to take a gun away from a man and to tear off his trigger finger into the bargain. I learned to kill a man with no more than a pencil; to maim; to blind.

But firearms training was my favorite. I wanted to be the best gunfighter in the world. During lunch break, I'd spend most of the time taking advantage of the unlimited supply of ammunition. Soon the inside flesh of my trigger finger was worn off, and I was wiping my blood from the trigger when I cleaned my revolver at the end of the day. I obtained a product called Nu-Skin, a quick-drying plastic coating that resembled clear glue, and coated my trigger finger with it, then fired until that, too, was worn off.

On to Watergate

Finding it difficult on his FBI salary to support his wife and a family that had grown to three (and later to five) children, Liddy joined his father's law firm in 1962. Liddy in 1968 campaigned hard for Richard Nixon's election to the presidency, leading to an appointment as a special assistant in the Treasury Department in 1969. In June 1971, he shifted to the White House and was assigned to a secret group that was to become known as the "plumbers." The group was headed by Egil ("Bud") Krogh, deputy assistant to the President, and David Young, a former assistant to Henry Kissinger. Howard Hunt, a former CIA agent, was Liddy's co-worker. Their priority was to discredit Daniel Ellsberg, whose release of the Pentagon papers, a secret study of U.S. involvement in Viet Nam, to the New York Times, *had enraged Nixon. In a nighttime raid, they ransacked the files of Dr. Lewis Fielding, a Los Angeles psychiatrist whom Ellsberg had consulted. But they found nothing.*

In September of 1971 Howard Hunt approached me on the next Ellsberg neutralization proposal. Ellsberg was scheduled to speak at a fund-raising dinner in Washington, and Chuck Colson [special counsel to the President] thought it an opportunity to discredit him. Could we drug Ellsberg enough to befuddle him, make him appear a near burnt-out drug case?

Hunt and I developed a plan to infiltrate enough waiters to ensure that one of our people would serve Ellsberg. One of the earliest dishes on the menu was soup, ideal for the rapid absorption and wide dispersal of a drug. Hunt was certain that he could provide men from the Miami Cuban community; the drug would be a fast-acting psychedelic such as LSD 25 he said he could get from the CIA. The plan went through Colson. We waited and waited for an answer, but when it finally came in the affirmative, there was no longer enough lead time.

© 1980 by G. Gordon Liddy; from a book to be published by St. Martin's Press

Prelude to Political Spying

In the late fall of 1971, John Dean, counsel to the President, asked Liddy to set up "an absolutely first-class intelligence operation" to ensure Nixon's re-election in 1972. Liddy said such an effort would cost $1 million. "No problem," he quotes Dean as replying. Liddy and Hunt set about recruiting people for the operation.

In California I attempted to recruit one woman, Sherry Stevens, who was ideal as a plant. She was flashily good-looking, young, had secretarial skills and experience, and appeared able to attract men sexually if she wished. At dinner Miss Stevens seemed reluctant, and when I told her that her identity would be revealed to no one, she pointed out that I would know her identity. I told her that no one could force me to disclose anything I chose not to reveal. She didn't believe me. I told her to light her cigarette lighter and hold it out. She did and I placed my hand,

Impressing a skeptical prospect with the power of his will

palm down, over the flame. Presently the flesh turned black and when she smelled the scent of burning meat, Sherry Stevens pulled the lighter away from my hand. Pale, Miss Stevens said she was sure I would never betray her, but excused herself as a candidate, invoking a just remembered plan to marry a Swiss airplane pilot in September of 1972. She asked to be taken home.

At her apartment Miss Stevens appeared even more fearful, saying she hoped "you won't go down in flames" if she didn't offer to sleep with me.

"My God," I said, "is that what you thought all this was about? Weren't you listening to what I was saying?"

"Well, I wasn't sure."

"*Be* sure. I want you for the job. No strings attached."

Stevens turned the job down. No matter. Liddy, who had become the counsel for Nixon's re-election committee as a front for his intelligence assignment, was soon asked to lay out his million-dollar operation. With handsome, 3-ft. by 4-ft. charts provided by the CIA, he readied a Madison Avenue–style presentation for Attorney General John Mitchell.

We met Mitchell in his small inner office. At my request there was an easel set up. I greeted the Attorney General and, as Magruder [Jeb Stuart Magruder, deputy director of the Committee to Re-Elect the President] seated himself in front of the desk with Dean, I set up my charts.

The plan was given the overall name of GEMSTONE, and although most components bore the names of a precious or semi-precious stone, some were named for minerals. I started with operation DIAMOND.

DIAMOND was our counterdemonstration plan. At the time, we still expected the [Republican] convention to be held in San Diego. I proposed to identify protest leaders, kidnap them, drug them, and hold them in Mexico until after the convention was over, then release them unharmed. The sudden disappearances, which I labeled on the chart in the original German, *Nacht und Nebel* (Night and Fog), would strike fear into the hearts of the leftist guerrillas [as would] the team slated to carry out the plan as a "Special Action Group." When John Mitchell asked "What's that?" I knew that Mitchell, a naval officer in World War II, would get the message if I translated the English "Special Action Group" into German. It was a gross exaggeration, but it made my point. "An *Einsatzgruppe, General,*" I said, inadvertently using a hard *g* for the word *General* and turning it too into German. "These men include professional killers who have accounted between them for 22 dead so far, including two hanged from a beam in a garage."

RUBY concerned the infiltration of spies into the camp of Democratic contenders, then [into that of] the successful candidate. COAL was the program to furnish money clandestinely to Shirley Chisholm of New York to finance her as a contender and force Democratic candidates to fight off a black woman, bound to generate ill feeling among blacks and, we hoped, with women. EMERALD would use a chase plane to eavesdrop on the Democratic candidate's aircraft and buses when his entourage used radio telephones. QUARTZ emulated the technique used by the Soviet Union for microwave interception of telephone traffic.

For use in gathering information at the Democratic National Convention at Miami Beach, Hunt and I had an option to lease a large houseboat moored within line of sight of the Fontainebleau. This would enable it to be used as a communications center for CRYSTAL—electronic surveillance. With a lush bedroom featuring a large mirror over the big king-sized bed, the houseboat would double as headquarters for SAPPHIRE because it was from there that our prostitutes were to operate. They were not to work as hookers but as spoiled, rich, beautiful women who were only too susceptible to men who could brag convincingly of the importance of what they were doing at the convention. The bedroom would be wired for sound.

I presented a plan for four black-bag jobs, OPALs I through IV. They were clandestine entries at which microphone surveillances could be placed, as well as TOPAZ: photographs taken of any documents available, including those under lock. One entry would be held in reserve for any target of opportunity Mitchell wished to designate.

Next I presented plans for GARNET: counterdemonstrations by groups that would be perceived by most Americans to be repulsive as they advocated the candidacy of Democratic candidates of our selection.

The largest disruption operation, TURQUOISE, was reserved for the Democratic National Convention itself. We had paid well to acquire the entire blueprints for the convention hall and all its support machinery. The plan called for a commando team of Cubans to slip into the hall and sabotage the air-conditioning units by destroying the compressors and introducing grit into the bearings of the blowers. Even John Mitchell smiled as I asked them to imagine those Democrats when, in the 100° Miami summer weather, all the air conditioning went out and the temperature inside the hall reached 110° or more.

When I had finished, John Mitchell said, "Gordon, a million dollars is a hell of a lot of money. I'd like you to go back and come up with something more realistic."

"Yes, sir," was all I said. I walked out with fire in my eyes. I unloaded on both Dean and Magruder. "What's going on?"

Magruder was solicitous. "It may be that there just isn't the money for intelligence and dirty tricks they thought would be available. You're going to have to cut out the most expensive stuff. Try half a million."

In a second meeting with Mitchell, Liddy presented a cutdown version of his plan (hookers, but no houseboat, for example). Mitchell said he'd have to "think about it." At this point, writes Liddy, John Dean interposed an objection—not, as Dean has said, that such matters should not be discussed in the Attorney General's office, but that "I don't think a decision *on a matter of this kind should come from the Attorney General's office. I think he should get it from somewhere else—completely unofficial channels." Liddy seethed, since that would delay a decision.*

It's called the correction key. And it's possibly the most important key on the keyboard. Because it fixes the mistakes all the other keys can make. And only one typewriter has it. The electric Sears Corrector.

It works like magic.

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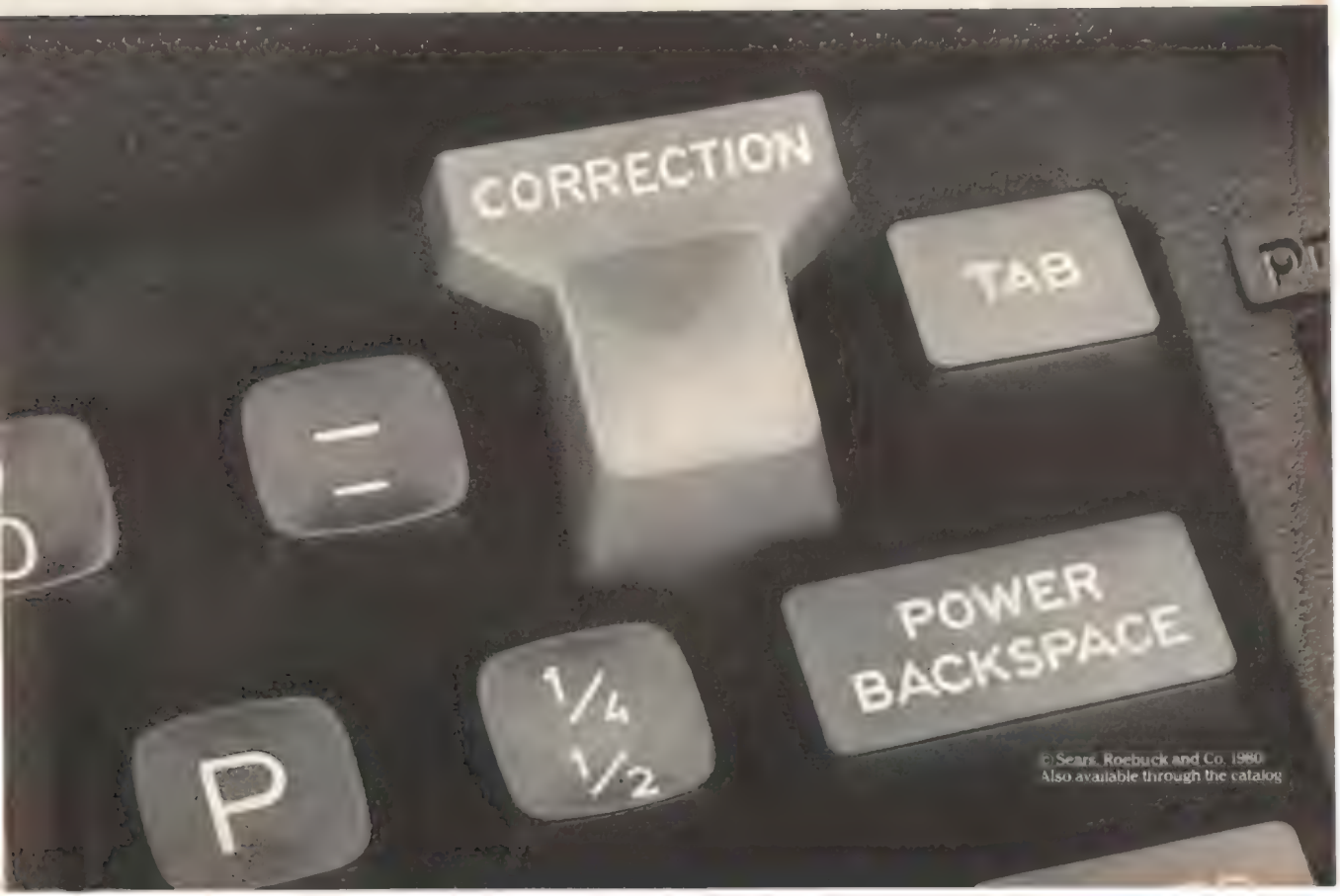

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Plotting to Kill Jack Anderson

On a brisk February day shortly thereafter, Howard Hunt and I had lunch with a physician retired from CIA, an expert on what Hunt called "the unorthodox application of medical and chemical knowledge." Hunt introduced me under my operational alias, "George Leonard." We lunched in the Hay Adams Hotel, just across Lafayette Park from the White House. The purpose of the luncheon, Hunt had explained to me previously, was to prepare, for the approval of Hunt's "principal," a plan to stop columnist Jack Anderson. Hunt and I often used the term "my principal" rather than identify our superiors. I, at least, had several. Hunt, to my knowledge, had only one: Chuck Colson.

Anderson, Hunt reported, had now gone too far. As the direct result of an Anderson story, a top U.S. intelligence source abroad had been so compromised that, if not already dead, he would be in a matter of days. That was too much. Something had to be done

We did not mention Anderson's name explicitly. Hunt urged the use of LSD on the steering wheel of the "target's" automobile to cause him to hallucinate at a public function and thus be discredited. The doctor shot down that idea on the ground that CIA experience with the drug had demonstrated the unpredictability of individual reaction.

I took the position that, in a hypothetical case in which the target had been the direct cause of the identification and execution of one of our agents abroad, halfway measures were not appropriate. I urged as the logical and just solution that the target be killed. Quickly

My suggestion was received with immediate acceptance Hunt asked whether a massive LSD dose might not cause such disruption of motor function that the driver of a car would lose control of it and crash. The doctor repeated his earlier negative advice on the use of LSD. Besides, though LSD *can* be absorbed through the skin, our hypothetical target might be wearing gloves against the winter cold, or be chauffeur-driven

I submitted that the target should just become a fatal victim of the notorious Washington street-crime rate. No one argued against that recommendation and, at Hunt's suggestion, I gave the doctor a $100 bill, from Committee to Re-Elect the President intelligence funds, as a fee for his services. Afterward, Hunt and I decided to suggest that the assassination of Jack Anderson be carried out by Cubans already recruited for the intelligence arm of the Committee to Re-Elect the President.

"Suppose," said Hunt, "my principal doesn't think it wise to entrust so sensitive a matter to them?"

I thought of that U.S. agent abroad, dead or about to die. If Hunt's principal was worried, I had the answer. "Tell him," I said, "if necessary, I'll do it." [Hunt later told Liddy to "forget" the Anderson plot.]

Near the end of April, Magruder sent word that he wanted to see me. "Gordon, do you think you could get into the Watergate?" I said, "Yes. It's a high-security building, but we can do it." "How about putting a bug in [Democratic National Chairman Larry] O'Brien's office?"

"All right, we can do that."

"The phones too?"

"That's easy."

"Get in there as soon as you can, Gordon. It's important."

Pitching spying schemes to Magruder (left), Dean and Mitchell

The First Watergate Break-In

The plan to break into Democratic national headquarters in an office in the Watergate Hotel complex was worked out by Liddy and Hunt, who recruited five Cuban Americans to help. Liddy also enlisted James McCord, chief of security at the Committee to Re-Elect the President, as the electronics expert. A break-in attempt in May 1972 succeeded, but the key listening device planted by McCord and the Cubans did not seem to be working. Liddy's superiors grew impatient

On Monday, 12 June, Magruder called me up to his office again. He suddenly became agitated and exclaimed, *"Here's* what I want to know." He swung his left arm back behind him and brought it forward forcefully as he said, "I want to know what O'Brien's got right here!" At the word *here* he slapped the lower left part of his desk with his left palm, hard. "Take all the men, all the cameras you need. *That's* what I want to know!"

When Magruder said "Here!" he was referring to the place he kept his derogatory information on the Democrats. Whenever he had called me in to verify some rumor about, for example, Jack Anderson, it was from there that he withdrew whatever he already had on the matter. *The purpose of the second Watergate break-in was to find out what O'Brien had of a derogatory nature about us, not for* us *to get something on* him *or the Democrats*

Gordon Strachan [assistant to H.R. Haldeman, Nixon's Chief of Staff] called me to the White House and told me that the original submissions from the electronic surveillance were unsatisfactory. I assumed he was speaking for Haldeman, so I repeated what McCord had told me of the technical problem and that we intended to correct it by going back in shortly

---

On Thursday, 15 June, I went to the meeting with Mitchell.* At one point, I told him: "General, we've identified the exact suite McGovern's going to be using during the convention, and we've got a little surprise cooked up for him. Just as the press arrives for one of his interviews, we're gonna have a bunch of really filthy zonked-out hippies swarm in there, all wearing McGovern buttons and carrying his signs. Then, just as the television and press get their cameras going, and with McGovern standing there, helpless, every dirty hippie there is gonna whip it out and take a leak, right there in front of everybody. They'll never be able to get the stink out of the carpet so he'll have to move, and no way they'll be able to keep quiet why."

Everybody laughed—*except* John Mitchell. I knew, of course, that the Republican convention had been moved from San Diego to Miami. What I *didn't* know was that after the Democrats moved out and the Republicans moved in, John Mitchell would be staying in the suite just vacated by George McGovern

Mitchell didn't *laugh*, he *roared:* "God*damn* it, Liddy; that's where *I'm* staying. You better *not* have any hippies pissing all over my rug!" When I rose to leave, Mitchell said, with a twinkle in his eye, "I mean it; keep those weirdos out of my room."

"Yes, sir." I smiled and left to tell Howard Hunt to call off "Pissers for McGovern."

The Ill-Fated Second Entry

About 11 o'clock McCord came in [to Room 214 of the Watergate Hotel] and said that he'd already taped the garage-level doors by the simple expedient of going in the lobby and down the stairwell. He now wanted to go back to the observation post

*Liddy claims that at this meeting he placed on Mitchell's desk an envelope containing transcripts of intercepted Watergate conversations. Mitchell has testified that he never saw such transcripts

MAN AND HIS GOLD, A SERIES

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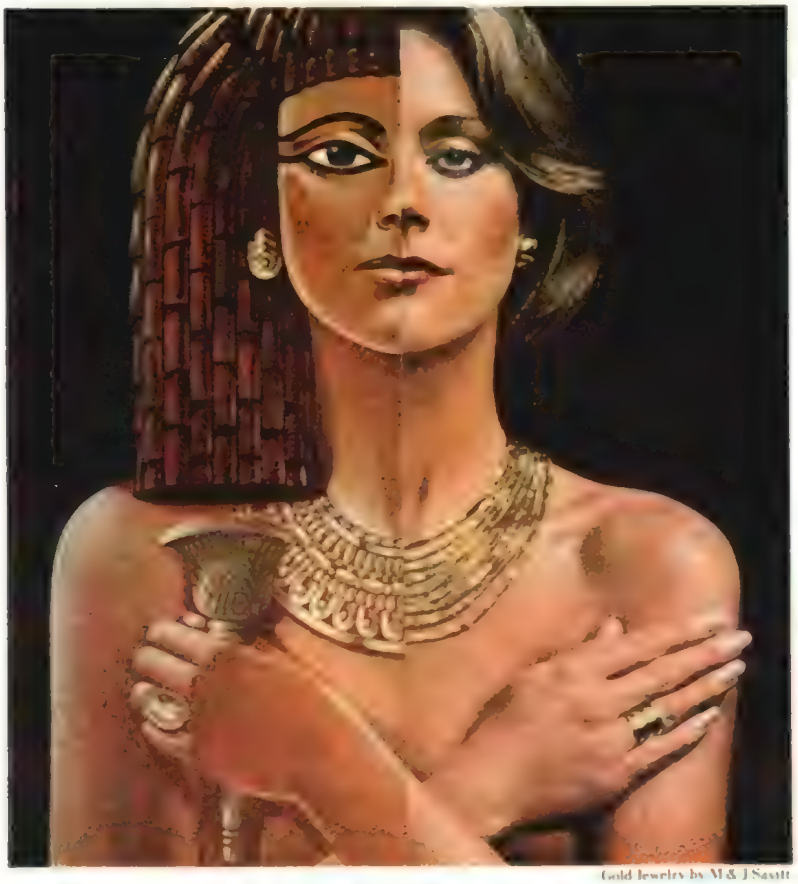

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A woman emerges from her bath, towels herself dry and begins her dressing ritual. In the next few minutes she reaches for a golden object —a necklace, a bracelet or a ring— and places it on her body.

It is a simple, unceremonious act yet in one aspect it is utterly remarkable, for it is an act both as ancient as recorded history and as modern as tomorrow. The wearing of gold on the body, beginning as it must have, as a primitive urge, has not only accompanied man through much of his evolution, it may even be his oldest surviving tradition.

One would think that a behavior so universal would have a universally accepted explanation, but this does not exist. The famous psychiatrists Freud and Jung disagreed. Others, too, have studied the phenomenon and the theories range from the almost incomprehensibly profound to the almost ludicrously superficial. More serious suppositions have included sexual enhancement, social or tribal status, an inner quest for immortality, self-deception, self-esteem, superstition, religion and, as in the case of Freud, a carnal hypothesis. What is generally agreed to at this point is only that gold's attraction *is* deeply psychological and that it has touched both male and female and in every culture that has ever known the metal.

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It should be noted that although much of the world wears gold, it wears it in different shades—some Europeans, for example, prefer slightly redder golds while in America the choice is often yellower. Karatage, or degree of real gold content, varies, too, from country to country in a variety too extensive to list here.

It seems worth adding, however, that much jewelry manufactured everywhere in the world today uses classic techniques that date back centuries, and the gold ring you wear was probably formed using a "lost wax" method known at least 4,000 years.

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With Hunt (right) and former CIA expert plotting a murder at lunch

At about 12:45 a.m. McCord phoned to say "It's clear" and that he was on his way over. Within a few minutes McCord, Barnard Barker and Eugenio Martinez were back wearing troubled expressions. McCord said that when they had gotten down to the garage-level doors they found that the tape he had put across the locks earlier had been removed. Hunt wanted to abort. McCord said Virgilio Gonzalez was unlocking the doors from the garage side so we could go forward or not, however it was decided.

The decision was up to me. I knew that lock-taping was a common, if disapproved practice of maintenance personnel in large buildings. That should not have alarmed the guard, who could be expected to remove it. I decided to send the men in.

The team of five did go through that garage-to-stairwell door and on up the stairs—failing to remove the now-functionless tape from the door. This was fatal since it was only after finding the same door taped a second time that the guards called the police.

Just after 2 a.m. there was a transmission over the radio: "There's flashlights on the eighth floor." I repeated the news to Hunt. We agreed that it was probably one of the two guard forces making a 2 a.m. door check.

Another transmission seemed to support our theory: "Now they're on the seventh floor."

There was a pause, then came the query, in a wondering tone: "Hey, any of our guys wearin' hippie clothes?"

It was only then that Hunt and I realized that something was very wrong.

"Negative. All our people are in business suits. Why?"

"They're on the sixth floor now. Four or five guys. One's got on a cowboy hat. One's got on a sweatshirt. It looks like . . . *guns!* They've got guns. It's trouble!"

I hit the mike switch: "Are you reading this? Come in! That's an order!" That brought the last transmission we were to receive from the entry team. A whispered voice said, simply and calmly: "They got us."

Hunt and I walked easily past the desk to the front door and the street. The place was swarming with police and squad cars.

It was about 3 a.m., when I eased my way into the bedroom, trying not to awaken Fran. After a moment she stirred.

"Is that you?"

"Yes."

"Anything wrong?"

"There was trouble. Some people got caught. I'll probably be going to jail."

The Cover-Up Begins

I went to a secure phone in the Sit Room [White House Situation Room]. When the White House operator got Jeb Magruder in California, I told him that I had an urgent message for John Mitchell that had to be delivered before his noon press conference and over a secure phone. In the Situation Room I had access to a KYX scrambler. The Situation Room personnel told me that the closest KYX to Magruder was at an Air Force missile base nearby, and I told Magruder to go there.

"*Why?* I can't just go wandering off to some missile base and ask to use the scrambler on your say-so. Be reasonable!"

Good old Magruder. If the plane was crashing he'd object to the inconvenience of putting on a parachute.

"Listen, Jeb, Goddamn it. Get your ass to a secure phone and call me, or I guarantee by noon Mitchell will be building you a new one." I hung up.

Magruder called me back in a short while. "I haven't got long. What's the problem?"

I told him that five of my men had been arrested in the Watergate and that it could compromise the committee.

"You mean it can be traced?" Magruder reacted with horror in his voice. "How can that *be*, Gordon? You said . . "

"Because one of them's Jim McCord, that's why. He's under an alias, but I don't know how long it'll hold up."

"You used *McCord?* Why, Gordon? *Why?*"

"Listen, Jeb, this is not time for recriminations. I take responsibility, O.K.? But that's not the problem now. The problem is Mitchell's got a press conference out there at noon. He could get questions on this. He's got to know and have a statement ready or he could be sandbagged."

I was called to the phone [again]. Magruder had a message for me from Mitchell.* I was to find Dick Kleindienst, the Attorney General, and ask him to get McCord out of jail immediately. "Tell him 'John sent you' and it's a 'personal request from John.' He'll understand."

I didn't argue. From experience as a prosecutor I knew that the number of people involved in trying to effect a request like that could only make matters worse. But an order from John Mitchell to pass along a message was not to be disobeyed. I found Kleindienst at the Burning Tree golf course, seated at a table in the middle of the dining room, lunching with others. I caught his eye and gestured to him. He caught my signal and made his way to me. I told him that I had a personal message from John Mitchell and we'd need privacy. Kleindienst nodded toward a locker area. Kleindienst asked: "What's this about John?"

I asked Kleindienst whether he'd heard of the arrests in the Watergate, and he said, "Yeah, Henry Petersen [Assistant Attorney General] called me this morning. What about it?"

I told him that the break-in was an operation of the intelligence arm of the Committee to Re-Elect the President; that the men arrested were our people working under my direction. I told him that all were arrested under aliases but that one, James McCord, was also on the regular committee payroll under his true name.

"Jesus Christ!" interjected Kleindienst.

I told Kleindienst that the message I was to deliver was from John Mitchell, and he interrupted to ask if I had received it from Mitchell directly. I told him I had not; that it came through Magruder. I was very uncomfortable because I knew the message was a bad idea, so I said, "I don't know how you can do this, but I'm supposed to tell you that it's a 'personal request from John.' Anyway, he wants you to help get McCord out of jail right away —before it's found out who he really is."

Kleindienst looked stunned. I said, "I know. There's no way you can even try without it getting out. Then what happens to you?"

Kleindienst exploded. *"Me?* What happens to the *President if I try a fool thing like that? Jesus Christ! What did you people* think you were *doing* in there?"

I started to explain, but Kleindienst waved me off. "God," he said, "this is terrible. I can't imagine John Mitchell asking me to do a thing like that." Then, abruptly, his speech grew crisp again. "You tell whoever it was that John Mitchell knows me well enough to call me himself if he has anything more like that to say to me. And tell them I can't do it—*won't* do it. For the President's

*This account conflicts with the testimony of Magruder, who claimed that this telephone call had been made by Robert Mardian, former head of the Justice Department's Internal Security Division

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sake I'm going to handle this one just like any other case."

Kleindienst's words articulated forcefully and concisely the unspoken attitude and criterion that I had found myself applying instinctively to Watergate: *"Never mind what happens to me. What happens to the President if I do that?"*

Walking with John Dean

On 12 June, John Dean let me know he wanted to see me in his office in the Old Executive Office Building. He was waiting in the hall. He was nervous, saying only, "Let's go for a walk."

It was obvious that Dean didn't want to be seen with me if he could avoid it. His attitude meant I was hot. We walked into the park and sat down. Turning to Dean I said: "Am I correct in assuming that you're the damage control action officer for this problem?"

Dean looked a bit puzzled by that, but said, "Yes, Gordon; you could put it that way."

"I'm not playing games, John; it's just that I have to know how much you need to know. If you're the action officer, then you need to know it all. D'you follow me?"

Dean nodded his head.

"O.K. The first thing I want to say is that I was commanding the aircraft carrier when it hit the reef. I accept full responsibility. All of the people arrested are my men. You remember the intelligence operation you recruited me for and those meetings in the AG's office?"

Dean didn't like being reminded. He cut me off with "Gordon, there's something I've got to know right away. Did anyone in the White House know you were going there—I mean specifically?"

I remembered a conversation I'd had with Gordon Strachan about repairing a defective transmitter planted in the Watergate.

"Gordon Strachan," I said. "I don't know that he knew the exact day we were going back in there, but . . ."

"*Back* in?"

"Yeah."

"How about Colson? Did he know?"

"Not unless Hunt told him, and I have no reason to believe he did."

Dean to Liddy: "It sure is a mess"

Dean looked relieved, and I continued: "Look, if they're worried over there that someone called over from the White House and said 'go in,' or 'go back in' the Watergate, you're talking to the wrong guy. *Magruder* sent us in there. He was the one pushing for it. Who, if anybody, was pushing Magruder from the White House you'll have to ask him. I don't know. They certainly didn't call me. Strachan knew I was going back in, but he didn't give me the order, Magruder did."

Dean looked at me closely. "Did Magruder authorize you to use McCord?"

"No. That was my mistake. I promised there'd never be any link. I meant it when I said it. By the time the program finally got approved, McCord was the only game in town and I used him. I shouldn't have. Magruder never knew about McCord."

Dean rose to leave and I stopped him. "Wait a minute, John. You've got to know something else."

Reluctantly, Dean sat back down.

"McCord's all right. He's a professional—FBI and CIA. So are the Cubans. They won't talk. But on a worst-case basis, you've got to know what they *could* say."

I told Dean about the Fielding entry to get Daniel Ellsberg's psychiatric file. He turned white.

"Jesus," he said. Then "Anything more?"

"No. But I think it's imperative we get them bailed out. That D.C. jail's a hellhole, especially in summer, and they were promised that kind of support . . ."

"What kind of support?"

"The usual in this line of work. Bail, attorney's fees, families taken care of . . ."

Then Dean said something he later claimed he did not say. "That goes without saying. Everyone'll be taken care of." The look on his face was decidedly troubled. Well he might be. He knew that without me no investigation could reach higher. *I* knew I would never talk, but he and those above him couldn't be absolutely sure of that. Except one way. It occurred to me that people who would seriously consider the use of drugs against Ellsberg and the killing of Jack Anderson might well decide to go ahead with an assassination in my case. The stakes were immensely higher and, after all, it *was* my fault.

"Look, John. I said I was the captain of the ship when she hit the reef and I'm prepared to go down with it. If someone wants to shoot me just tell me what corner to stand on and I'll be there, O.K.?"

Dean searched my face to see whether I was joking. I wasn't and he could see that. "Well, uh," he stammered, "I don't think we've gotten *there* yet, Gordon."

Then Dean said, "Where's Hunt these days?"

"Lying low. The reporters are after him. Why?"

It was at this moment, and not later, on the telephone after talking to [Nixon's chief domestic adviser, John] Ehrlichman, that Dean said: "Well, for that reason, and what you've told me [which I took to be a reference to the Ellsberg matter], I think he'd be better off out of the country. Does he have some place he can go?"

"Most of his family's in Europe right now. He could join them, I suppose."

"Good. Have him do that. The sooner the better. Today, if possible."

I stuck out my hand. "Sorry about the way things turned out, John."

Dean took my hand and shook it listlessly. "Yeah," he said. "It sure is a mess."

On Saturday, 6 January, two days before my trial was to start, I received a telephone call while in my bedroom: "Gordon, I think you'll recognize my voice."

I did. It was John Dean.

"Gordon, I want to assure you. Everyone's going to be taken care of—everyone."

"Oh?" Dean was repeating almost verbatim his assurances of 19 June, but now he went into detail.

"Absolutely. First, you'll receive living expenses of $30,000 per annum. Second, you'll have a pardon within two years. Three, we'll see to it you're sent to Danbury prison. And fourth, your legal fees will be paid."

Boy, I thought, with the trial only 48 hours away, they're not taking any chances.

Waiting to Kill—or Be Killed—in Prison

In his 4½ years behind bars, Liddy shuttled in and out of eight prisons. After being baited by black inmates both for being white and for his Watergate work for Nixon, Liddy won the respect of many fellow convicts by providing effective legal advice and by showing that he too was tough.

In prison, it made sense to be careful. I decided to tune up my will so as to be ready for anything. The first thing I did was limit my food intake to 600 calories per day. This induced sharp hunger day and night. The discipline was excellent and worth the severe weight loss. I increased the number of push-ups I did daily from 100 to 200 (in sets of 100) added jumping jacks, jogging along the exterior of the cells and sit-ups. Things were going very well, too well, I decided. I needed more stress to bring my will to maximum power. I turned to my old reliable method of ordeal by fire. This test would have to exceed all others in destruction of tissue and time of severe pain

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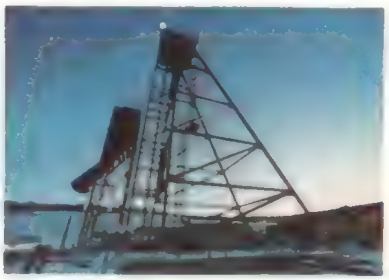

"The oil shale is mined 800 feet down."

"There are huge oil shale deposits in America. According to some calculations, these deposits contain as much oil as there is in the Middle East.

"Gulf and another oil company are equal partners in a project in Rio Blanco County, Colorado, to make shale oil a practical alternative to expensive imported crude oil.

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"The liquid is shale oil. The rock is oil shale."

I selected a particularly strong-willed black bank robber named Tex. Ready with a box of wooden matches, I got him into a discussion of the subject and pressed him to the point where he challenged me. Because I had been warned never again to indulge that practice near or on finger joints and my palm was already burned out, I had to use my forearm.

"Strike a match," I said to Tex, and locked my eyes into his. He struck it and held it out. I put the outside of my left forearm directly over the flame. As the fire burned through my flesh and melted it back into a blackened depression, a look of horror came over Tex. The match burned down and scorched his fingers before he dropped it. He looked at the burn unbelievingly, then looked ill, got up, and left.

All the nerves in the roughly oval 1½ in. by 2 in. area had been destroyed. There was just a deep ache in the center with the severe burning sensation confined to the less destroyed circumference. The burn was treated in the prison hospital. Finally satisfied that my will remained invincible, I was ready.

Back at the D.C. jail I recalled that Dean had responded to my offer to permit my life to be taken by saying that we had not yet reached that point. That led me to the thought that the White House might be concerned that Hunt, also in the D.C. jail, might talk to the grand jury. Dean might now suggest to the President that *Hunt* would have to be killed. In that event it was reasonable to expect orders to execute such a decision.

By now I knew that the fee for a killing in the D.C. jail was two "boxes" [cartons of cigarettes]. I'd be an immediate suspect were Hunt to be killed, so it would have to be a contract sanction, and I'd have to arrange an airtight alibi. That would be easy; just have myself put back in deadlock [a maximum security cell] prior to the event. I sought the advice of a gangland figure I knew and could trust.

My friend was sharp and quickly nodded his understanding, but jumped to the conclusion I was referring to McCord, now free on bond. He offered immediately to have McCord shot. I had to explain that I appreciated his offer but had someone else in mind.

I explained carefully that I had *not* yet received orders to kill Hunt, and that under no circumstances was he to be harmed without my specific authorization. That precaution out of the way, we decided quickly upon the method. Hunt received special meals because of his history of ulcers. His "diet tray" was served to him in his cell rather than in the mess hall on the first floor. Should I be ordered to kill Hunt, he would be served a special meal indeed. It would contain a lethal poison.

Hunt was going back and forth from the D.C. jail to testify before the Watergate grand jury. On Wednesday, 2 May, 1973, Hunt came back in an agitated state. I suspected the worst. We met in the small "card room" that the Cubans occupied at the end of the cell block. Hunt waited until we were all seated before he spoke.

"There's no sense holding out any longer," Hunt began, "they know everything."

"What do you mean, 'everything?' " I interrupted.

"I mean they've got it all. They know all about the Beverly Hills entry. They've got the ODESSA files."*

"How do you know?" I asked.

"They showed them to me."

"O.K. So they got the files. Why help the bastards?"

"Gordon, I may as well tell you. I'm not holding out any longer. There's no point. I'm cooperating with the prosecutors."

I stood and moved back from Hunt's side as if from a loathsome thing. I started to say something, thought better of it, and walked out. I have never spoken another word to Howard Hunt.

It occurred to me that I might receive orders to silence Hunt at any moment. I got hold of a guard and asked to be placed in deadlock. It would be a simple matter to send a coded message to my friend to poison Hunt, even from the depths of "the Hole," and just as simple for my supervisors to get the message to me. I waited, but because the message never came, Hunt lives.

Transferred to the federal prison at Danbury, Conn., I wrote to Fran regularly, as well as to other friends from the past. One of the letters was to a woman I had known. At the nightly inspection and reading of mail one of the guards held the letter back until my next letter to Fran came out from me. He then switched letters and envelopes.

When Fran got the wrong letter, she understood the guard's tactic immediately and it made her furious.

Liddy retaliated. He found a way to tap prison staff telephones, then embarrassed the officers with his knowledge of their sexual affairs and theft of prison property. At his final prison stop, the federal prison camp at Allenwood, Pa., Liddy enraged one group of convicts by persuading guards to turn off TV sets after midnight so he could sleep. The angry prisoners first harassed him, then even vowed to kill him.

Awaiting attack by jailhouse enemies

I had gotten a weapon, a stout handle with a piece of jagged, rusted metal still attached to one end, by jumping the fence into a restricted area and taking it from behind a tool shed. From the power plant I stole a short length of steel pipe and from the kitchen a table knife. I sharpened the table knife on cement, the way I had a similar one at Danbury when I learned from the authorities that an informer had told the FBI there was a contract out on me and I declined official protection in favor of my own method.

My enemies put out the word that they were going to attack me on the night of Thursday, 3 February, 1977. I was determined to fight it out and knew well that I'd have to kill.

One guard on duty that night who knew (as did everyone) of the planned attack, begged me to accept protection by spending the night in the hospital. He had been a Hungarian Freedom Fighter, immigrating to the U.S. after his country was invaded by Russia in the 1950s.

I put it to him this way: "If I run now, where do I stop? You should understand the results of weakness."

"But it's different, what happened in Hungary. That was between whole countries!"

"The principle is the same."

"Please. I cannot protect you. You may die."

"I don't want your protection. I can protect myself better than you can. If I die, I won't be alone." I showed the guard my weapons. I was smiling.

"You enjoy this!" he said.

"Yes."

"It's true what they say. You are a fascist!"

I lay down, fully dressed except for shoes, and arranged the covers over me. Lying alongside my body under the blanket was the big ax handle. I could sweep that handle out in a second and knock two men off their feet by striking directly at their knees. In my hand was the knife, and the pipe was under my pillow. I was ready.

A second guard asked if I wanted to go to the hospital.

"Don't worry about me," I said, "worry about them." I showed him my weapons and he shined his light on them, then looked up at me with a smile and said: "Shoot straight." I knew what he meant. Don't leave anyone alive as a witness. It was good advice and I intended to follow it.

The attack never materialized. No one wanted to be the first to die. They were afraid, never having learned what I taught myself: defeat the fear of death and welcome the death of fear. ■

*ODESSA was the code name Liddy gave to his secret leak-plugging projects at the White House.

Trauma Goes On

Scars from the Holocaust

Growing up as the daughter of concentration camp survivors is like carrying "a terrible bomb," says Author Helen Epstein. That sense of menace and dread, she writes in her book *Children of the Holocaust* (Putnam; $10.95), can make New York City's Seventh Avenue subway seem like a train rolling through Poland to a death camp. As children, she and her brother armed themselves with kitchen knives whenever their parents were out, because the "burglars and murderers" might come at any time.

This week Jews around the world commemorate the victims of the Holocaust by marking days of remembrance and Yom HaShoah (Shoah literally means destruction, and loosely translates to holocaust). As children of the survivors join their parents in lighting memorial candles to the dead, there is a growing sense that the children—now mostly young adults in their 20s or early 30s—are beginning to show some of the same emotional scars as their parents.

Evidence of psychological damage is still sketchy, and most survivors' children seem to be functioning well. Says Minna Davis, co-founder of Chicago's Association for the Children of Holocaust Survivors: "There is nothing serious enough to land us on a psychiatrist's couch, but we do walk around with part of us missing." In many survivors' homes, ominous silences and gaps in the family history created a somber approach to childhood and an aura of tragedy about adult lives. Says one survivor's daughter, who is now raising her own family in Naperville, Ill.: "My parents and other adults were always talking in hushed tones. They had a serious and fearful approach to life that was bound to affect me."

Minna Davis with parents in 1950; with husband and children in 1980

A tremendous burden in living out a life for someone who couldn't live his.

WHICH HAND
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Children pick up from these parents a sense of danger, distrust and the fragility of life. The parents tend to view the very existence of their offspring as a final triumph over Hitler and anti-Semitism. But for the child, it can mean an overwhelming pressure to compensate for dead relatives and justify the parents' lives. "Some of these children don't feel they have a right to be happy," says Toronto Psychiatrist Henry Fenigstein, a camp survivor himself. "The child begins to feel that whether the parent says it or not, he or she must vindicate all the suffering." And since survivors' children are usually namesakes for Holocaust victims killed in their prime, says Robin Moss, a coordinator for survivor groups in the Kansas City area, "they feel a trememdous burden in having to live out a life for someone who didn't have a chance to live his."

One way to rebel against that kind of expectation is to fail at school or work. A more common reaction is to overachieve, with little sense of accomplishment or pleasure. The attitude, says Davis, is "Whatever I do it's never enough to make up for your loss." Either way, the survivor child is likely to feel isolated. Says Miriam Schiller, whose mother survived the Warsaw ghetto and Auschwitz: "When I was very little, all my parents' friends were survivors. Even among American Jews, I was an isolationist. I always felt separate from the people around me."

Social Worker Martin Trachtenberg, co-founder of a number of groups that support children of Holocaust survivors, several years ago began to notice one odd symptom: survivors' children were frequently overwhelmed by anxiety when facing some less-than-vital decisions, such as choosing a college or leaving home to move into an apartment of their own. Trachtenberg saw it as a fear of separating from parents; in the camps, separation was usually final and meant death. "Some struggled with going to college, but they did it," says Trachtenberg. "And when they got there, they called their parents every day. As adults, there's a geographic separation but not an emotional separation."

Lisa Newman, a psychiatric social worker in Toronto, thinks that some survivors have not been able to pass on a coherent value system to their children, because their ordeal under the Nazis was so absurd. "People survived, not for anything they did, but only because of someone's whim. That undermines your faith in your own actions having a sensible outcome, or a sense of a universe that men can act in."

Despite all these burdens, says Fenigstein, survivors' children are not inevitably victims of their parents' trauma. Says he: "Plenty of children managed to cope on their own, or they went for help." Several years ago, Fenigstein started "Holocaust workshops"—group therapy that seems to benefit most of the survivors and survivors' children who attend. Children with enough inner strength do not copy their parents, he says. "When there's a knock on the door, which reminds parents of a traumatic experience in the war when the Nazis came, this child doesn't react with anxiety but in a more realistic way—he checks to see who's at the door." Adds Ruth Kukiela Bork, president of One Generation After, a service organization for the children of survivors: "The offspring's behavior will depend to a great extent on how the parents managed to cope."

Some 20 organizations have sprung up around the country to serve the social and psychological needs of the Holocaust survivors' children, and—in the words of Trachtenberg—"to stop the trauma from passing on to the third generation." Still, there is no way to protect that generation from the emotional shock of learning what the Nazis did. Anne Sommerfeld-Halliwell, a survivor's child and a Yale psychologist, reports that her daughter Naria, 4, already wants to know "Will the bad men come here?" Her son Eli wrote a poem about assassinating Hitler, and at age nine, he is shaken by recurring fantasies of revenge. Says their mother, who is studying the effects of the Holocaust across generations: "When there's a traumatic event of such magnitude, it just doesn't go away with time." ■

The one on the right holds the Pentax Auto 110, the only 110 SLR camera with interchangeable lenses.

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Goal-Scoring Prince Charles takes a breather

The Fast Green World of Polo

A pastime going pop—like vintage champagne

It is the headiest concentration of strong legs, stout hearts, blue blood, green stuff, gray matter and handsome lineaments in the world. Its venue, appropriately, is Florida's Gold Coast. What glitters there each April is the Michelob World Cup, polo's Super Bowl and World Series. What else would bring bonnie Prince Charlie to the boonies to play in sweltering humidity and wind up in West Palm Beach's Good Samaritan Hospital, a victim of heat prostration?

Polo has traditionally been the exclusive sport of maharajahs, marquises and millionaires, and the game's stars still tend to be the rich and the royal. Polo attracts an identifiable elite: svelte, tanned women, hard-muscled men, romantics bound by gallant memory and conspicuous quixotry. However, for participants and spectators alike, it is on its way to becoming a middle-class pastime, like golf, tennis and sailing before it. Anheuser-Busch, the St. Louis–based brewing company that sponsors the $150,000 Michelob tournament, belongs to the beerage, not the peerage. A large number of the watchers drawn by the pony-and-mallet action to the Palm Beach Polo and Country Club are consumers of Michelob rather than Moët & Chandon. Many of the players, too, are young and unrich. There is a saying among poloists that the sport need not be more expensive than owning a middle-size sailboat. And it offers at least equal excitement and cachet.

Indeed, the name of the game might well be Cachet-22. Addicted players can never have enough of it. They start as kids batting balls from bicycles. Some still active players are almost as old as the game itself.* It is one of the fastest fiercest contests ever devised, teaming and opposing human and equine skills. Says one player: "Polo is like playing chess while bobsledding." Charging at 30 m.p.h. on 1,000-lb. horses across ten acres of greensward—about ten times the size of a football field—players are engaged in a kind of cavalry campaign of which Light-Horse Harry Lee would have approved.

Polo's new popularity is due in large degree to the efforts of Gould, Inc., a Chicago-based manufacturer of electrical and mechanical products. The company by 1978 had acquired 10,200 acres in Wellington, 15 miles west of Palm Beach. Under William T. Ylvisaker, 56, a top-rated polo player who has been chairman of the company since 1972, Gould bought the land for $10.5 million (around $1,000 an acre).

One reason why the property went for far less than market value was the insistence of the Wellington executors that it be developed with a decent regard for the environment. Ah, said Ylvisaker, we shall devote it to polo. Also to tennis and golf. Also to the construction of homes for people who care about these sports, and particularly for people who ride horses. Aside from the twelve tennis courts (nine night-lighted), five swimming pools and a 70.5-rated golf course, the PBPCC boasts seven full-size polo fields. There are stables for more than 300 steeds, miles of bridle paths to ride them on, and bevies of lasses to attend them.

The Palm Beach club is the first real estate development in the U.S. to

*Well, not quite. Polo is known to have been played in Persia in A.D. 100.

Tournament match at Palm Beach Polo and Country Club teams human and equine skills for the Michelob crowd and the Moët & Chandon sippers

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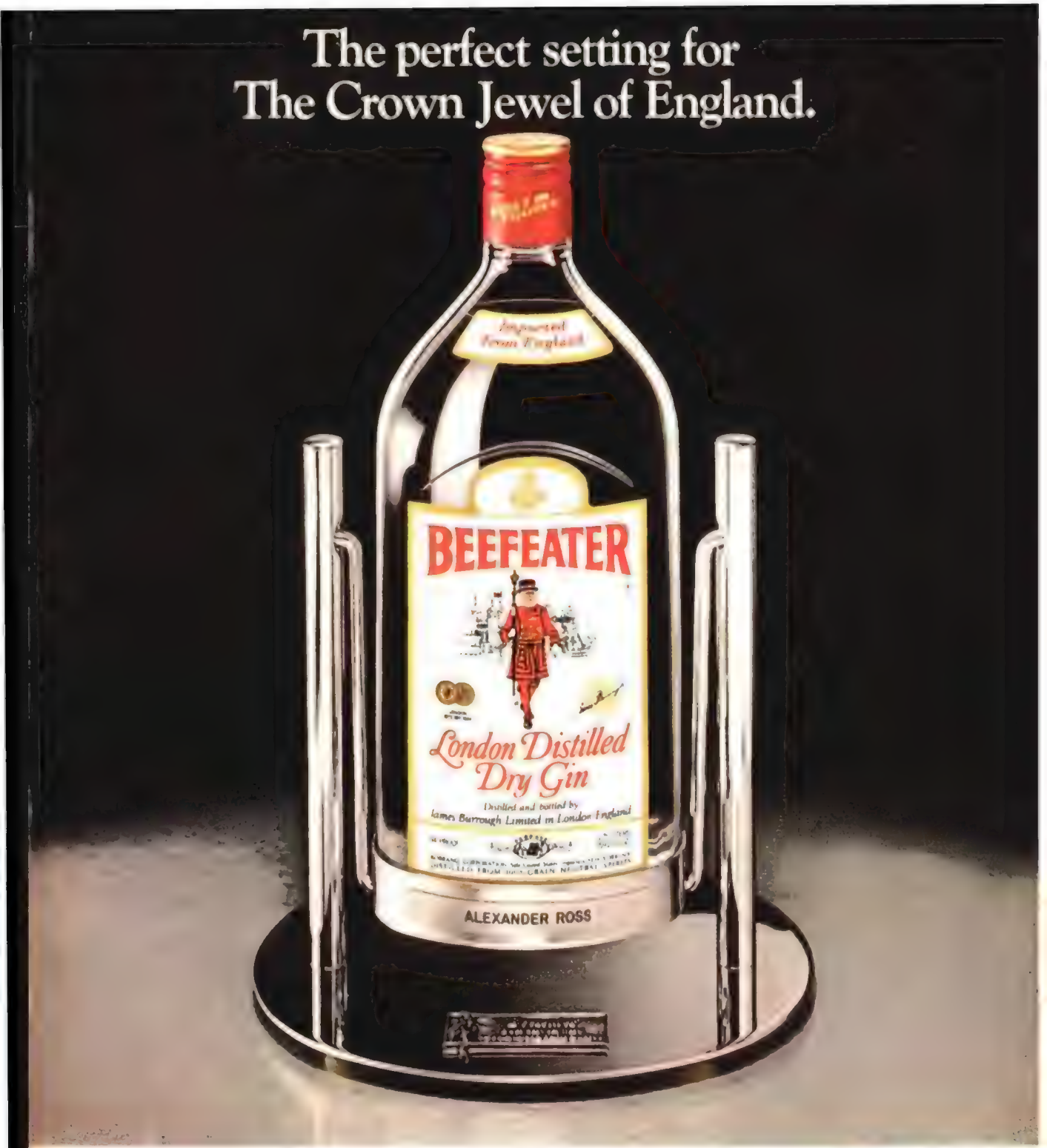

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be planned around polo. Its facilities for horses and horsemen may also be the best in the world after Argentina, where polo is the pride of the pampas, and riders and mounts are national heroes. Like the West Indians, who learned cricket from the English and went on to beat them at it, the Argentines acquired their first 50-in. rattan mallets and 3¼-in. willow polo balls from Britain in the late 19th century (the word polo derives from *pulu*, Tibetan for a willow knot).

The British still play a devilish fine game, but their island's limited land and horsepower have made them the third-ranking polo nation. The Americans are second. Argentina is indisputably *Número Uno;* all five of the world's ten-goal (*i.e.*, top-handicapped) players are Argentines. And they are coming north. The Pelé of polo, *Estancia* Owner Juan Carlos Harriott, captains the Palm Beach team. He leads his four-man Florida squad against teams from Argentina, Nigeria, Colombia, Texas, New York, Connecticut and Oklahoma. During this year's 17-week Palm Beach tournament season, the Americans have been the big winners. Yankee buckaroos did not, however, prevail against the Prince of Wales' Windsor Park team last week, but the sun did. Overcome by the 90° heat, Charles was admitted to a hospital for the first time since he had appendicitis at the age of ten, but was back out the next day in good spirit.

The panache of polo and the added attraction of a spacious, well-planned Sunbelt environment have already worked their magic. Some 200 condominiums have been built on elegantly laid-out acres. The dwellings are selling for an average $140,000 a unit, up $30,000 since they were first put up for sale 13 months ago. Furnished studios fetch $110,000; penthouse suites in four buildings go for $300,000 to $350,000. The two major housing areas center on golf and tennis, and, of course, polo. The polo-oriented housing is selling as fast as the builder can put in the last windowpane. Adjacent land can still be bought at $8,500 an acre; while that is more than eight times as much as Gould paid for the raw palmetto and cypress scrubland, it is a fraction of the cost of land on, say, the Hawaiian island of Maui. By the end of the decade, the developers plan to have sold 1,900 condominium units, leaving intact a 120-acre stand of cypress trees. Also planned are a shooting range, access to a private Atlantic beach, and a second golf course.

Almost certainly the PBPCC spread will remain the bastion of polo in North America: a cosmopolitan oasis of good sportsmanship, high living and galloping glory. It was said of a polo-playing Persian prince that when he hit the ball it often "went up into the clouds and disappeared." They still lose a lot of balls that way. ■

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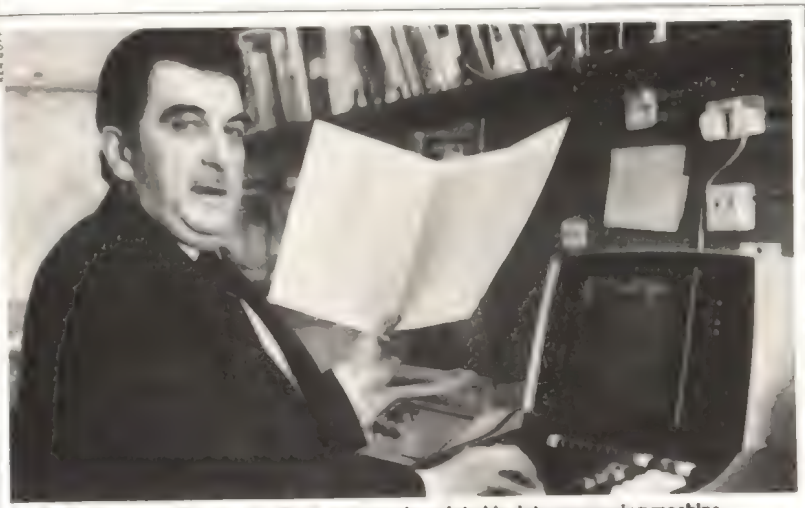


KEN GOFF

Leslie Goldberg feeding standardized code numbers into his data processing machine

A New Way to STK Up Banks

With a wiretap, a computer and a little guile

It seemed harmless enough. The Britain-based *Computer Fraud & Security Bulletin* sponsored a "Think Like a Thief" contest, encouraging readers to compete for a £100 ($215) prize by inventing plans for a computer-related fraud. But now there are international repercussions. In his winning entry, published in the *Bulletin*, Leslie Goldberg pinpointed an apparently fatal flaw in a new security technique recently proposed by major British banks and being considered by their foreign counterparts

Goldberg, a London computer security expert, had been analyzing the new system, which is called the Standard Test Key (STK). Like existing systems, it was designed to check the accuracy of messages that authorize the transfer of money from one account in a bank to another. In these messages, some information —such as the names of the banks, the date and the total amount to be transferred—is given a code number, assigned by one of several methods. These numbers are added up to give a number called the Test Key at the end of the message. Any error in transmission or change in the message after it leaves the sending bank produces a different Test Key, which warns the receiving bank not to act until the discrepancy is resolved.

In the new STK system, designed to reduce the number of codes the banks have to keep track of, standardized (and easily obtainable) tables are used for the codes that designate the total amounts being transferred. For example, if Bank A has an account at Bank B and instructs Bank B to transfer sums totaling $191,975 from that account to three others, that total can be coded by checking the STK tables for the code for 191 (which is 5,580) and 975 (5,359). Adding the two code numbers produces a sum of 10,939, which, with other code numbers, adds up to give the STK.

What Goldberg discerned is that a little transposition could be profitable. The sum $975,191 would also result in the same two code numbers. But that would be $783,216 more than the $191,975 total of the amounts to be transferred to the three accounts. Thus, Goldberg figured, an electronic thief could add to the genuine message a fourth instruction: to transfer $783,216 to an account the thief had set up at Bank B just for that purpose. The STK code would be unchanged, and the bank would remain unsuspecting until it reconciled its account with the sending bank.

How can the thief perform his electronic wizardry? After opening his account at Bank B under a fictitious name, he taps into the correct transmission line. For a specialist, says Robert Jacobson, a Manhattan expert on high-technology fraud, this is as easy as tapping a telephone circuit. The thief then routes the transmissions between his bank and Bank A through a microcomputer programmed to calculate what additional amounts will result in the same code numbers as those in the genuine messages. When instructions come through to the thief's bank for a transfer of funds, the computer quickly adds an order that the thief's account be credited with an amount that leaves the STK code number unchanged.

Goldberg's discovery probably means that this STK will not be adopted as a standard in Britain or elsewhere. But existing systems are vulnerable too. Concludes Goldberg: "Anyone using a computer system today must take into account that the danger of fraud is very much there." ■

Thorny Theory

A weapon for early man?

The question has daunted anthropologists ever since 1871, when Charles Darwin grappled with it in his *The Descent of Man*. How did the puny early ancestor of modern man defend himself against predators? More than 3½ million years ago, he stood only 120 cm to 140 cm (48 in. to 56 in.), too short to wield a heavy club effectively. For another million years or so, his brain was not developed enough to conceive of fashioning stone weapons. Yet despite the presence of far more powerful four-legged adversaries on the African savannas, he survived. Now a Dutch zoologist, Adriaan Kortlandt of the University of Amsterdam, has proposed an intriguing answer. In the current *Journal of Human Evolution*, he suggests that early man was able to use thorny branches to repel the most dangerous predators: large carnivorous cats.

The idea occurred to Kortlandt, 62, in 1976 on a dig in Ethiopia at a prehistoric site. Resting in the shade of a thorny acacia tree, he realized that a short bipedal creature could easily enough break off a branch covered with hooklike thorns, and wave it as a weapon; lions, Kortlandt knew, stay clear of thorns. To test his theory, he journeyed to the Kora National Reserve in Kenya and set large chunks of meat covered with thorn branches near a pride of twelve lions tamed by George Adamson of *Born Free* fame. The lions approached and batted tentatively at the branches, but refused to rip them away.

Next Kortlandt put a sheep in a wire-mesh cage surrounded by thorn branches. This time, several hungry lionesses began pulling at the branches. But when thorns became lodged in their paw pads, they re-

Lion cub held at bay by thorns

Just like tails of porcupines.

treated to lick their wounds. That suggested early man could have protected himself on the savanna by building thorn-branch shelters. But could he survive long sieges? To find out, Kortlandt attached branches to a remote-controlled motor on a framework over chunks of meat. When lions approached, the branches spun as they might had they been brandished by man. The lions darted away.

All of which raised another question: Why are lions so wary of thorn branches? Kortlandt's theory: they seem like the flailing tails of animals that lions take great care to avoid—porcupines. ■

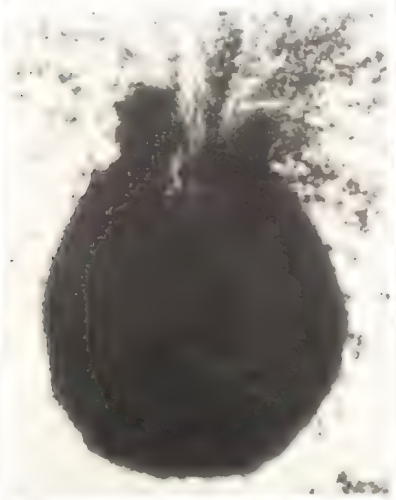
Bursting Bug

An antibiotic does it in

Is it Mount St. Helens finally erupting after weeks of ominous activity? A booby-trapped pineapple in the act of blowing up? In fact the remarkable photograph released by the microbiology laboratories of the Bronx-Lebanon Hospital Center in New York City shows a bacterium literally exploding after getting a dose of antibiotic.

Shown magnified 150,000 times, the staphylococcus bacterium was exposed to a low-level dose of antibiotic. As a result, the wall of the one-celled bug began eroding. That process poses a great danger to the bacterium, which has internal pressures ranging from 25 to 30 atmospheres. Strained by the internal pressure, the wall suddenly ruptured at its weakest point, and the bacterium exploded.

The phenomenon shown in this "pretty picture," says Dr. Victor Lorian, the center's chief of microbiology and epidemiology, occurs only when low doses of antibiotic are administered. At higher levels, like those usually given to patients, the results are even more catastrophic —for the bacterium. The cell wall disintegrates so rapidly and uniformly that there is no explosion. ■



Staphylococcus bacterium exploding

The wall ruptures at its weakest point

Man of Vision

He crusades against blindness

Sir John Wilson strides into his office outside London, his hands at waist level, his fingers spread like antennae. Easing into a chair, he turns to a visitor and launches into a discussion of his life's work. Through his Royal Commonwealth Society for the Blind and the International Agency for the Prevention of Blindness, Wilson in the past three decades has helped establish blindness centers in over 80 nations. These centers are designed primarily to help those of the world's 42 million blind whose sight can be restored —and to prevent the diseases that still cause most of the blindness in developing countries. Last year, while organizing the work of restoring sight to 141,000 people, he traveled 50,000 miles. That would be a grueling undertaking for anyone, but for Wilson, the difficulties were even greater. For he too is blind.

It was a school accident at the age of twelve, not disease, that cost Wilson his sight. Resolutely, he went on to take a degree in law and sociology at Oxford, then to aid the British war effort by placing the blind at work alongside sighted people in factories—"making shell cases and bits and pieces of transport vehicles and aircraft." After the war, at 26, Wilson was sent on a Commonwealth tour to make a survey of people blinded during the conflict. Everywhere he encountered the sightless. But it soon became evident that malnutrition and disease, not bullets and shrapnel, had cost most of them their vision. A few years later, traveling to Nakong in northern Ghana, Wilson and his new wife Jean discovered villagers so accustomed to blindness that they found it difficult to believe the rest of the world could see. Recalls Wilson: "A blind farmer taught me how to plant grain along a straight piece of bamboo. Jean accompanied the blind women with their water buckets as they felt their way along the hemp rope from the well."

As founder of the society and its director since 1950, and as president of the agency since its inception in 1975, Wilson has devoted most of his attention to four diseases that account for two-thirds of the blindness in the world:

▸ River blindness, also called onchocerciasis, is caused by infection from a worm carried by flies, and occurs particularly in West Africa, Guatemala and Mexico. The World Bank, in a project to eradicate the disease in seven African nations within 12 years, has pledged $150 million to spray the flies' breeding waters.

▸ Trachoma, prevalent in the Middle East, has been linked to a variety of housefly that needs salinated water during its breeding cycle, and gets it from the human eye. Says Wilson: "It can dive-bomb the eye and be in and out before you can blink." The disease-causing microorganism is deposited during the attacks. Blindness can be prevented by applying antibiotics around the eye. The cost: only 50¢ per patient per year.

▸ Cataracts, the clouding of the eye's lens, have blinded millions of people in Asia and the Indian subcontinent. In these areas, surgery costing as little as $5 per patient can remove the occluded lens and restore some vision. Wilson reaches the cataract victims by setting up temporary eye camps in remote villages. There surgeons perform more than 100 operations per day on patients from the surrounding area. When a blind man's relatives lead him in, says Wilson, "they are usually bossing him around, bored with having to care for this useless invalid. After the operation, when the family leaves the camp, he is a man transformed, his status restored."

▸ Malnutrition blindness, or xerophthalmia, is the leading cause of blindness in children. Though incurable in the final stages, it can be prevented by 12¢ worth of vitamin A concentrate four times a year, or a daily handful of green vegetables. In the famine winter of 1972 in Bangladesh, 100,000 infants lost their sight. Says Wilson: "Of all the causes of blindness, this is the most obscene."

Wilson, whose efforts on behalf of the blind were recognized last year when he won the prestigious Albert Lasker Special Public Service Award, has a powerful ally for his crusade. The World Health Organization has launched a drive to eliminate preventable blindness by the year 2000. In the meantime, Wilson plans to continue, as the title of his autobiography puts it, *Travelling Blind*, to give others the gift of sight. ■

Sir John and friend examine Lasker award

Disease-carrying flies dive-bomb the eye

BRIAN R. WOLFF

A marijuana pipe surrounded by glass bongs in a head shop

Potshots at "Head Shops"

From Washington, a model law aimed at drug paraphernalia

Youngsters in Atlanta are buying marijuana pipes disguised as *Star Wars* space guns. In San Francisco, a hot item, especially for Star Trekkies, is a glass cocaine pipe that is a replica of the U.S.S. *Enterprise*. In Washington, D.C., they are snatching up 18th century silver salt dishes ideal for snorting cocaine. More than 15,000 "head shops"* across the country cater to drug users; they are at the heart of a thriving drug paraphernalia industry that may take in more than half a billion dollars a year. So far it has proved nearly impossible to uproot the shops: virtually every state and local law banning the sale of drug paraphernalia has been declared unconstitutional by the courts. Now the Federal Government is stepping into the fray—and could emerge a loser as well.

The Carter Administration decided early on that new federal laws were not the answer; Uncle Sam's money would be better spent chasing big-time traffickers. Instead, the Drug Enforcement Administration (DEA) drafted a model anti-paraphernalia statute last fall that it maintains will withstand constitutional challenge, and began encouraging interested states and localities to enact it. The model prohibits, among other things, the manufacture, sale, advertisement and use of any object that is intended for growing or ingesting an illegal drug. The trouble with such language is that it tends to be overly broad. Authorities would have to prove state of mind since many items that are tools of the drug trade have perfectly legal uses. Because McDonald's coffee stirrers, for example, can double as cocaine spoons, the restaurant chain recently withdrew them from use. Garden shops, too, could run afoul of such laws: Who can be sure what sort of grass the customer plans to water with his new hose?

Courts will dismiss any criminal statute that does not meet the well-established test of telling a person of "ordinary intelligence" what conduct is prohibited. To satisfy this requirement, the DEA model contains a 55-word definition of "paraphernalia," describes in detail dozens of pieces of equipment that would qualify as paraphernalia if used in connection with drugs (including bongs, balloons and blenders), and spells out 14 factors to be considered by police and courts in determining whether an item is likely to be used for drug-related purposes. Still, the constitutional obstacle remains formidable: Deputy Assistant Attorney General Irvin B. Nathan, in giving the model but faint praise, called it "as constitutionally sound as possible, given its wide range." In congressional testimony Nathan went on to list the statute's potential drawbacks: invasion of privacy, increased bribe taking, and hard-to-obtain convictions.

Despite such caveats, Maryland's legislature this month enacted a version of the DEA model. Governor Harry Hughes, however, does not plan to sign it until he receives his attorney general's opinion on the bill's constitutionality. That recommendation could depend on a federal judge's ruling on one of the model's first offspring, a law enacted by the city of Parma, Ohio. The decision may also determine whether or not anti-paraphernalia legislation has a future. ■

*"Head" is slang for a frequent drug user

Hybrid Help

"Judicare" for the poor

"My husband used to beat me all the time," recalls Dorothy Harris, 23, of Huntington, W. Va. "He threatened to shoot me." Because she was poor, Harris could not afford to hire a lawyer. Then she discovered that there was a way of obtaining a divorce at no cost—and thanks to Huntington Lawyer Mike Woelfel, a statewide legal aid program, and some federal funds, she is now divorced.

Legal help was long beyond the reach of most poor Americans. Since the mid-'60s, however, storefront offices staffed by full-time poverty lawyers have sprung up across the country to help alleviate the problem. Some programs, like the federally financed West Virginia Legal Services Plan (WVLSP), have added another dimension. Beyond providing staff lawyers, the West Virginia plan also enlists private attorneys to handle cases for poor people. Woelfel, 27, is one of more than 700 such private attorneys on WVLSP's roster for the so-called judicare program. Among them, they took on nearly a third of the program's 9,000 cases last year.

There is a nationwide trend toward involving the private bar more closely with legal help for the poor. But lively, sometimes acrimonious debate on the subject persists. Among the criticisms leveled by poverty-law veterans at participating private lawyers is that they tend to be less dedicated to poverty law and, especially in rural areas, too closely tied to the institutions that their indigent clients may be fighting. Judicare proponents counter by pointing out that private attorneys are widely dispersed, thus more familiar with the unique problems of citizens in their areas. Moreover, say the proponents, a client has more freedom to choose his lawyer, though attorneys have the right to turn down a case and often do. Such reluctance is understandable: an uncontested judicare divorce in West Virginia brings a $150 fee, compared with the usual charge of about $500.

The conflict may ease with the growing perception that both the private bar and poverty lawyers are needed. That will be the conclusion of a report expected next month from the Legal Services Corporation, a federally financed organization that is parceling out $303 million this year to a wide variety of legal assistance programs, including the WVLSP.

For all the argument over the pros and cons of judicare, there is agreement that too many of the nation's poor still go without legal help. As WVLSP Attorney John Kemp puts it, "The problem is choosing who will get help. It's like being in a lifeboat. We have more people in the water than we have seats in the boat." ■

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President Smith of the Reorganized Latter Day Saints leading anniversary conference

Religion

Church of Latter Day Splits

Scions of Smith and Young enjoy a schismatic Mormon birthday

In the Finger Lakes region of New York, Spencer Kimball, 85, president of the Mormon Church, joined 400 worshipers in the tiny town of Fayette (pop. 250). There they dedicated an exact replica of the rude cabin where, 150 years ago last week, Prophet Joseph Smith Jr. and six followers founded a new church.

Smith started with the belief that true Christianity, corrupted for 18 centuries, would be restored by his "Latter Day Saints." The most substantial result is a 4.3 million-member church based in Salt Lake City, created by Smith's successor Brigham Young and famed both for prosperity and for two practices that it eventually discarded: polygamy and a ban on blacks in church offices.

The little-known remnant of Smith's movement is the 221,000-member Reorganized Church of Jesus Christ of Latter Day Saints, based in Independence, Mo., which Smith designated his "Zion" in 1831. Fifteen years later, after Smith was murdered, many Mormons followed the dynamic Young on a famous trek to Utah, where they flourished. The Reorganized Church developed from those, including the prophet's widow Emma, who stayed behind, contending that Young was a usurper. The one true spiritual heir to Smith, they believed, was his diffident oldest son, Joseph III.

The practice of polygamy was also at issue. Young claimed that Smith, following private revelations, both preached and practiced polygamy. Smith's widow pointed out that her husband's *Book of Mormon* denounced plural marriage. The Reorganized Church has always been against the practice, though most historians believe Smith secretly took between 27 and 50 wives, including some women married to other men.

Despite the common heritage, the Reorganized Saints say they are not Mormons. Wallace B. Smith, 51, the fifth direct descendant of the prophet to be president, says the Utah Mormons developed "a whole new theology, which is not orthodox Christianity." The basic disagreements are the Mormon beliefs that Father, Son and Holy Spirit are separate gods with the first two inhabiting human bodies, and that male church members may become gods themselves in the afterlife. The Reorganized Church believes in a spiritual Trinity and denies that men become gods. But the Missouri sect is far from Protestant. Among other things, it has the wrong Bible. Besides Smith's *Book of Mormon* and later revelations to church presidents, it uses Smith's own "inspired" Bible, which includes a prediction of his prophethood.

The Reorganized Church marked the sesquicentennial in strict isolation from its larger competitor. Some 18,000 cheerful Reorganized Saints from 34 nations flocked to the domed Auditorium in Independence and sang such special hymns as *We Thank Thee, O God, for a Prophet*. On the site, eight blocks from the Harry Truman Library, they expect Christ to return and establish his kingdom.

Naturally, it rankles a bit with the heirs of those who stayed in Missouri that the followers of Young have done so well. "The Mormons," says Richard Howard, chief historian of the Reorganized Church, "have deliberately chosen a theocratic system which moves with the efficiency of an army. It marches people in the same direction, to one drummer." ■

Milestones

MARRIAGE REVEALED. Gilda Radner, 33, spindly-limbed comedian of *Saturday Night Live* fame; and Rock Guitarist **G.E. Smith,** 28, who has played back-up in Radner's Broadway, TV and film appearances as dissipated Punk Rocker Candy Slice; both for the first time; in New York's city hall; on March 26.

DIED. Mary McCarty, 56, sassy, brassy-voiced character actress whose most recent role was as Nurse Starch on television's *Trapper John, M.D.*; of an undisclosed cause; in her home in Westwood, Calif. McCarty began her career in Hollywood at age five, playing a series of wise-mouthed sidekicks to Shirley Temple and Judy Garland. After a stint as a teen-age torch singer, she starred on Broadway in 1948's *Small Wonder* and 1949's *Miss Liberty*. In the 1970s, she renewed a fading theatrical career with tours de force in *Follies, Chicago* and Eugene O'Neill's *Anna Christie*.

DIED. Kay Medford, 59, wisecracking comic actress best known for her Broadway portrayals of doting Jewish mothers in *Bye Bye Birdie, Don't Drink the Water* and *Funny Girl* (she also appeared in the film version); of cancer; in New York City. Born of Irish Catholic stock in Manhattan, the strawberry-blond comedian polished her one-liners in New York's Borscht Belt nightclubs before beginning a 40-year career in films, theater and television. Said she: "I started out by playing sexpots, nymphos, prostitutes, gun molls with wet lips and cigarettes dangling, then madams—and now mothers."

DIED. John Collier, 78, British author whose mordant black humor and penchant for the bizarre marked many of his novels (*His Monkey Wife*, 1930), short stories (collected in *Fancies and Goodnights*, 1951) and screenplays, which included the Bette Davis melodrama *Deception* and a controversial 1973 adaptation of Milton's *Paradise Lost* (published but never produced); in Pacific Palisades, Calif. Collier also collaborated on the script for the 1951 Humphrey Bogart–Katharine Hepburn classic *The African Queen*.

DIED. George Farkas, 78, New York City merchant whose aggressive retailing strategies turned Alexander's, the small discount department store he founded in The Bronx in 1928 and named for his father, into a 15-store, tristate empire; of a heart attack; in Palm Beach, Fla. Farkas was among the first to market inexpensive copies of Paris fashions and pioneered the move of department stores into the suburbs, where nine of the Alexander's stores, now publicly held, are situated

DIED. Jakob Rosenberg, 86, curator of prints at Harvard's Fogg Art Museum for more than a quarter-century and a leading U.S. authority on the works of Rembrandt; in Cambridge, Mass.

Theater

Close Relations

MORNING'S AT SEVEN
by Paul Osborn

This is a tale of two houses and four sisters. The time is the early 1920s, and the place is Midwestern America. The houses, with their gables and gingerbread curlicues, are hopscotch close. In their backyards unfolds a human comedy that is warm, antic, wise and utterly endearing.

Three of the sisters are in their late 60s and one is 72. In the house on the left lives Ida Bolton (Nancy Marchand), and she has two problems. One is her husband Carl (Richard Hamilton), a man given to "spells" during which he plants his forehead against the kitchen wall or a tree. In this state, Carl bemoans the fact that he has "lost the fork," meaning the fork in the road of life's choices.

Ida's second problem is her son Homer (David Rounds), who has clung to her apron strings for 40 years, not without her complicity. Homer, a man of glacial agility, is bringing Myrtle Brown (Lois de Banzie) home with him. She is a girl he has known for twelve years, dated for seven and been engaged to for five, without his parents' ever having seen her.

O'Sullivan (foreground) with Marchand, Wilson and Wright

The house on the right is occupied by Cora Swanson (Teresa Wright), her husband Theodore, known as Thor (Maurice Copeland), and the spinster sister, Aaronetta (Elizabeth Wilson), who has lived with them for 40 years. Cora feels she can no longer bear this cross. When it develops that Aaronetta was not an inviolate spinster, at least vis-à-vis Thor, summer lightning flashes through the houses.

The eldest sister, Esther Crampton (Maureen O'Sullivan), lives down the road with David (Gary Merrill), her elitist curmudgeon of a husband, who openly reviles her siblings and their menfolk as "morons." Naturally, each sister cuts through the Gordian knot of close relations only to find it intact—even if more loosely binding. However, Homer amusingly severs his umbilical cord.

While *Morning's at Seven*, now at the Lyceum Theater, first appeared on Broadway in 1939, it is not a relic from the crowded attic of nostalgia. Playwright Osborn, now 78, perceived a world with the family as its center of gravity and the blood tie as life's enduring nourishment. In this play, he achieves the magic of the commonplace. His characters are plain-as-drain people, yet their fretful crises engage our affection and concern.

Part of that may stem from the play's lineal parentage. It surely includes Sherwood Anderson's *Winesburg, Ohio*, that symbiotic study of lonely spirits in stultifying small towns seeking the mind's freedom and the heart's release. Director Vivian Matalon has sensed that aspect of the play, and his cast, wondrous in its ensemble excellence, embodies it. Whether one goes to the theater to laugh, to cry, to muse or to learn, *Morning's at Seven* satisfies all four appetites. — *T.E. Kalem*

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Saginaw Steering Gear Division

Cinema

Spinster

MY BRILLIANT CAREER
Directed by Gill Armstrong
Screenplay by Eleanor Witcombe

Rather loftily for a girl living on a wind-worn ranch in the Australian outback, Sybylla proclaims that she belongs to the world of art and literature. Her impoverished parents are exasperated, but not much worried. They assume that the world of family and property will change her mind. The sense-bringing task is undertaken by her wealthy maternal grandmother, who invites her to live at her gracious plantation. There rebellious Sybylla is to learn

Judy Davis in *My Brilliant Career*
Marriage gives respectability

to dress in a ladylike manner, deal with servants and comport herself properly with proper people.

It is also assumed—and no one is hesitant about putting the assumption into direct speech—that she will make it her business to attract a man of suitable wealth and submit to marriage. "Marriage gives us respectability, my dear," explains her grandmother. Sybylla is considered to be plain, and she is given to understand that she had better not be choosy (Actress Judy Davis, the sly and lively redhead who is Sybylla, is, of course, very attractive).

For a time it seems that Sybylla will indeed submit, though not before a wild fox chase. She makes life miserable for an unsuitable suitor (so identified because his hair is parted in the middle), and is even harder on the suitable chap, Harry Beecham (Sam Neill), who is solemn, good-looking and earnest. But when she prankishly overturns a boat in which they are punting, soaking them both in their decorous, neck-to-ankle costumes, it can be assumed that she likes him. When he proposes, it is hard for her not to accept. Instead she asks for two years in which to work out her ideas. He agrees, decent fellow, and at the end of the two years (this is the end of the 19th century, when there still were good men and true) he proposes again. She refuses, not happily and not certain of what she is doing. She says that she intends to be a writer and does indeed turn out a manuscript. The last scene shows her, having posted it to a publisher, leaning on the gate of her parents' ranch, smiling. This is a modest, clear-sighted film, and it profits considerably from a lack of the bravura landscape photography that most directors would have used to puff up a movie set in Australia. A note at the end seems just right: it says that *My Brilliant Career* was published in Edinburgh in 1901. — ***John Skow***

Family Portrait

BEST BOY *Directed by Ira Wohl*

A rare transformation takes place in this remarkable documentary film about the efforts of elderly parents to prepare a middle-aged, retarded son for life without them. The first views of Philly, as 52-year-old Philip is called, show a stocky, dull-faced man with an unshaven jaw, thick lips and a gap in his mouth where several front teeth are missing. His speech—grunted single words, short sentences that do little better than repeat what has just been said to him—makes it clear that his intelligence is severely limited. The last look shows the same coarse face, behind which lives the same crippled mind. It is not a miracle that occurs, only a transformation. But when Philly's voice is heard as the final credits roll—he is singing *The Anniversary Waltz*, with the tune strong and true and the words mostly nonsense—the audience applauds.

The camera that has worked this change in the eye of the viewer belongs to Ira Wohl, a gifted documentary film maker who is also Philly's cousin. His approach during three years of filming was quite unlike the disdainful stare of *cinéma vérité*, although much of what he recorded is bleak. The tone of the film is passionate advocacy, and its real subject is the dignity of love in a family hard-pressed by age and illness. Pearl, Philly's mother, is in her late 70s, and Max, his father, is three years older and ailing. They have sheltered Philly all his life in their small home in Flushing, N.Y. But now changes must be made, and at the gentle

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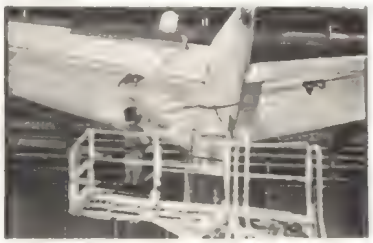

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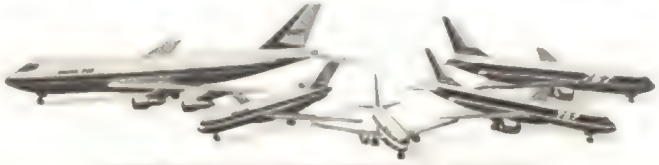

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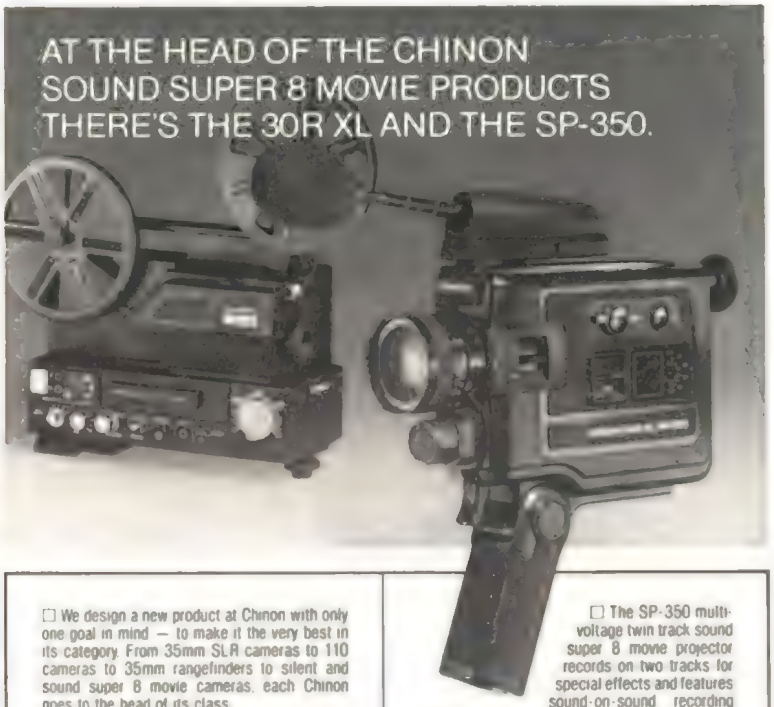

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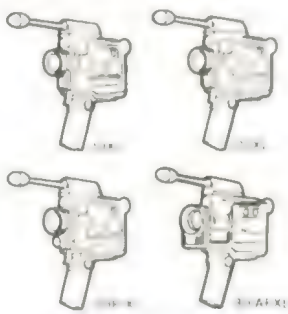

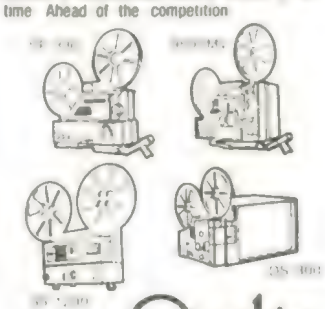

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Cinema

urging of Ira, Philly begins to move out into the world.

With Ira and a woman friend, he makes his first trip to the zoo. "See what he does?" says Ira at the monkey cage. "Yeah!" says Philly. They move on to the tigers. "How do you like that?" Philly is excited and happy. "Yeah!" he answers. Back home he chatters happily with his mother about the outing, as a four-year-old child might do. Perception of Philly as a large, awkward child is a way for the viewer to think of him without horror. But he is not a child, and Wohl's film leads onlookers past this point—to an understanding of Philly as a grown man, cruelly limited, but with high courage and an enormous compensating ability to give and receive love.

Philly tries hard and succeeds a little at a school for retarded adults. He goes

Philly and Pearl in *Best Boy*

The dignity of love in a family.

to a performance of *Fiddler on the Roof*, whose music he loves, and then backstage with the show's star, Zero Mostel. "How old are you?" asks Mostel. "Sixteen," says Philly, without hesitation. "Me too," says Mostel. Then they sing *If I Were a Rich Man* together, a comic genius and a man who could be called an idiot, meeting on equal terms of humanity.

Max dies, and tough old Pearl now seems weak and uncertain. The film is not simply about a son living on; it is about the shock and sadness of parents dying. Ira suggests that it is time for Philly to move to a residence for retarded adults, and Pearl forlornly agrees. He is there, sparkling with happiness, as the film ends. That was last July. Pearl died in February, but not before she and Philly saw Ira's movie together. — *J.S.*

GLIDES OVER THE PALATE WITH NARY A RIPPLE.

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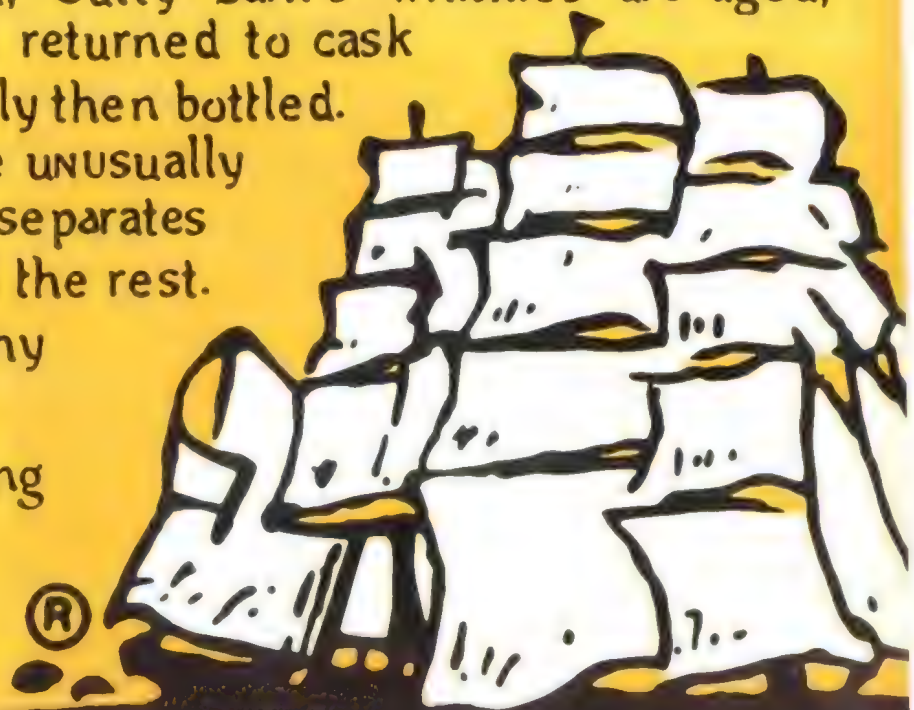

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Words from a Sponsor

THIRTY SECONDS *by Michael J. Arlen; Farrar, Straus & Giroux; $9.95*

Thirty Seconds is Michael Arlen's close-up pan and dissolve of the people who package desire and fulfillment into half-minute television commercials. As the book suggests, these subplots of our viewing lives are frequently more skillfully made and better remembered than the programs they sponsor. Moreover, the relationships between commercials and fairy tales are too strong to ignore. Princes and Princesses Charming, sturdy folk and innocent children are besieged by malicious forces. Tooth imps and underarm pixies generate embarrassing vapors; gremlins leave grimy stigmata on clothing, and devilkins foul points and plugs. Inevitably, the hapless are rescued by products borne by genii in plastic bottles and godmothers in overalls

Arlen focuses mainly on the making of a single commercial, American Telephone & Telegraph's effort to encourage more long-distance calling or, as their infectious jingle suggests, "Reach out, reach out and touch someone." Says the vice president in charge of the "creative group" that devised the ad: "From the very beginning, A T & T wanted us to overcome the negative emotions associated with long-distance, the bad-news phone call in the middle of the night. For years, there has been a definitely *negative, uncasual* quality to a lot of long-distance calling. A T & T wanted us to emphasize the *casual, positive* aspect: long-distance is fun, it's easy, it's cheap. Of course, we didn't want to be sentimental, we wanted to be upbeat and to get across an image kind of thing: people calling for fun; people calling for no reason at all —not just family talking to family but friends talking to friends. So, strategy-wise, we started with a kind of two-faced objective: the casual thing and the people-calling-outside-the-family thing. And right up front we were thinking also maybe a musical thing."

Clearly, Michael Arlen specializes in the give-them-enough-rope-to-hang-themselves thing. As a writer for *The New Yorker*, he has had good models, not the least of which was the subtly lethal journalism of Lillian Ross, who once dismantled Hollywood with her classic *Picture* Arlen has more benign intentions toward Madison Avenue. Throughout, he keeps a civil tongue in his cheek; *Thirty Seconds* derives its effects from self-revealing chatter and serendipitous comedy. A production conference deals with choosing among camels, llamas and kangaroos Then comes the grandmother problem "It seems to me," says one executive, "we have three or four grandmothers that are interchangeable—except, of course, for the black grandmother."

Because the commercial is composed of vignettes, extensive auditions are necessary. The search for the right cowboy ends in a compromise: "not too old, not too young, not too cute, not too Sicilian." Two girls have to be found who can talk on the phone while doing yoga headstands. One is rejected as "too Procter & Gamble"; another causes a small problem when she arrives on location without a bra under her skintight leotard. There are also serious research questions: Do Army recruits have telephones near their beds?

Following the production unit's caravan, Arlen discovers a secret New Jersey of suburban houses ideally suited for commercial filming. The Garden State also boasts wide-open spaces, including a rodeo grounds much used by Madison Avenue. The Jersey-born owner incongruously sports a Rocky Mountain accent and wears jeans, boots, a Western hat and a shiny red windbreaker advertising Winston cigarettes

The actors are assembled from a broad pool. One man is a superintendent of a Bronx apartment house; one voice that sings "Reach out" belongs to Phoebe Snow; there is a kid much in demand because he had his front teeth extracted when he was 2½. There is also a serious actress: "I won't do those brutal pesticides that poison the environment, and I won't do douches ... You might say that my standards are basically political."

The star of the A T & T message is Bryan Trottier, center for the New York Islanders. *His* two front teeth were extracted in maturity by a hockey stick Trottier is to appear in the final frames surrounded by jubilant teammates all of whom are extras, bit players in this miniform who possess an almost subliminal celebrity. "I been living in sports equipment all week," notes one. Later, after jumping into a shower to simulate perspiration, he complains that "on the Coke job, they gave us little spray things—very first-class."

Arlen plays it as it lays, scoring eas-

Vignettes of A T & T's television commercial "Reach Out and Touch Someone"

Excerpt

"'O.K. Stop' says Palazzo, in a newfound, or rediscovered, parade-ground voice. 'Men, 'tenshun! Hands and arms at your sides.' One of the extras slips a hand into his pocket. 'Guys, I said hands and arms at your sides. That's right, arms straight, fists lightly clenched. This isn't the goddam British Army.' He turns to Steve. 'Steve, here's your squad,' he says.

'That's very nice, Palazzo,' says Steve. 'Did I hear you say "Stop"?'

'Jesus!' says Palazzo. 'Did I say "Stop"?'

'I was a 4-F—only I know you don't say "Stop" in the Army. You say—'

'O.K., guys,' says Palazzo 'I should have said "Halt." From now on, when I say "Halt" you stop.'"

THERE'S MORE TO CUTLASS SEDAN THAN MEETS THE EYE.

Cutlass Watchers, compare Cutlass for mileage. Don't be attracted to this car just because of its looks. About a half-million people are going to buy a Cutlass this year and many will do so because of the V6 engine. This spunky, economical powerplant has an EPA estimated mpg of 20 and an estimated 27 out on the highway. With the available diesel V8, you get even better mileage.

V6 ENGINE
20 EPA Est. MPG
27 Hwy. Est. MPG

DIESEL ENGINE
22 EPA Est. MPG
34 Hwy. Est. MPG

Diesel now available in California. California mileage may vary.

Compare Cutlass for comfort and flair. This mid-size four-door is an Oldsmobile. And that means the comforts of home are yours once you slip inside. The luxurious seats you see below come as standard fare on Cutlass Brougham Sedan. The front seats adjust independent of one another. Rich velour is standard. Automatic transmission, power steering and power brakes are standard. And you can select from 85 other available luxury and convenience items that will make your Cutlass *your very own Cutlass.*

Compare Cutlass for its high resale value. It's a fact: Cutlass has one of the highest resale values among all mid-size cars. That's important when you're buying a car. Cutlass's high resale, in effect, can provide added value at trade-in time.

These days you owe it to yourself to compare before buying. Stop in at your Oldsmobile dealer today. He'll do everything he can to make you one of the half-million Cutlass Watchers who'll become Cutlass Owners this year.

It'll be mighty nice knowing that the Cutlass you bought was the right car to buy.

No wonder Cutlass is now America's #1 selling car.

GM

Oldsmobile

WE'VE HAD ONE BUILT FOR YOU

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SAIL OUR CITIES

In some of our cities you can sail to the heart of downtown. So see us by boat. Bring yours or rent ours. Cast off for Canada.

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Whose version of American history will your children learn?

The Pilgrims' or the Indians'? Management's or labor's? The whites' or the blacks'? Or will they be fed a homogenized, tasteless brew guaranteed to offend no one? Pulitzer Prize-winning author Frances FitzGerald examines the changing image of America in history schoolbooks since the 19th century. "A caring, literate, and thorough examination." —*American Library Association Booklist*

"The writing is admirable and the research inspired." —John Kenneth Galbraith

America Revised

FRANCES FITZGERALD
author of Fire in the Lake

$9.95

Atlantic-Little, Brown

Books

ily off the corporate phraseology and such market-research jargon as "psychographic segmentation." He is obviously amused that so much time, money and solemnity can be expended on something as innocuous as a television commercial. But there is no doubt that Arlen also admires the ambition, talent and professionalism of these people he calls "communications era artisans." *Thirty Seconds* is itself a series of finely perceived, artfully arranged vignettes. So, despite the book's tone of asperity, it is no small compliment when one superior craftsman acknowledges the work of others. — ***R.Z. Sheppard***

Soul Mates

THE MARRIAGES BETWEEN ZONES THREE, FOUR, AND FIVE
by Doris Lessing
Knopf; 245 pages; $10

By publishing standards, this second installment of Doris Lessing's series of visionary novels arrives at the speed of light. It was only six months ago that *Shikasta* unveiled Lessing's new cosmology: three vast galactic empires (two benign, one evil) and mysterious universal harmonies that, when slightly untuned, wrecked life on Shikasta, a small planet suspiciously similar to earth. The result of this disturbance was the dark underside of human history, which Lessing retold as much in sorrow as in anger. Now she has traveled past Zone Six to some nicer neighborhoods in her mental landscape. If *Shikasta* was an admonition, its successor is an epithalamium

Zones Three, Four and Five exist side by side in descending order, both geographically and culturally. Three is mountainous, its inhabitants refined almost beyond fleshly desires; they have become too snug and self-sufficient even to remember the denizens of Zone Four, a primitive

Doris Lessing
Traveling to some nicer neighborhoods.

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Warning: The Surgeon General Has Determined That Cigarette Smoking Is Dangerous to Your Health.

Triumph for Tar Watchers!

Triumph, at only 3 mg, steals thunder from yesterday's "low tars."

Suddenly it's a whole new ball game.
Yesterday's so-called "low tars" called themselves the "low tars" with "taste."
Merit at 8 mg was one of them.
Salem Lights at 11 another. So was Winston Lights at 14.
But now there is Triumph, today's low tar.
With only 3 mg tar—that's 62% less than the leading "low tar."
And taste. Remarkably satisfying taste.
Taste at such low tar? It's something Carlton at 1 doesn't even claim to have.
But Triumph has it. And don't just take our word for it.
Try Triumph—today's low tar."

Triumph–Today's low tar.

Of All Brands Sold. Lowest tar: 0.5 mg. "tar," 0.05 mg. nicotine av. per cigarette. Triumph Filter: 3 mg. "tar," 0.4 mg. nicotine av. per cigarette, FTC Report Jan. 1980. Triumph Menthol: 3 mg. "tar," 0.4 mg. nicotine av. per cigarette by FTC Method.

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Great meals help make great vacations. Come sample our cuisine, from traditional to international. You'll take home some delicious memories.

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Books

militaristic empire in the lowlands. They know the nomads in the desert of Zone Five only as rumors. But these separate regions have become united in a single problem: the birth rate among humans and animals has fallen off; a sense of sadness and stagnation envelops the lands. So the Providers who administer the galaxy issue an order that no one can refuse. Al•Ith, the Queen of Zone Three, must marry Ben Ata, the warlike King of Zone Four.

What follows is part fertility myth, part comedy of manners. The bride and groom are hardly thrilled at the prospect of this marriage made in heaven. They approach the pavilion magically erected for their nuptials with mutual dislike. She thinks he is a barbarian, he finds her too snobbish and ethereal. He has never faced women except as the conquering general, accepting the spoils of victory: "On their campaigns, when the army reached new territory, into his tent would be thrust some girl, or she was thrown at his feet. She would nearly always be crying. Or she might be hissing and spitting. She might bite and scratch as he entered her." Compelled to make love to the Queen, he makes sure his first performance is nasty, brutish and short.

Those who look for a feminist parable to begin at this point will be disappointed. It is true that Al•Ith is superior to Ben Ata; love between them cannot be achieved until he climbs and she falls. Yet Lessing's narrative imbues this war between the sexes with an urgent purpose, nothing else than the regeneration of life. Both participants suffer. Ben Ata is slowly ennobled by contact with his bride, but at a cost of self-confidence. His once brutal decisiveness has been tempered by the uncertainties of reflection. Al•Ith, experienced in the bloodless sex of her own zone, sinks into a passion and carnality as frightful to her as it is exhilarating: "Al•Ith felt that she loved this man utterly . . . But with what a sinking of the heart did she acknowledge this commitment to him—she could not now remember what she had felt for the men she had been *with* in her own realm, but she knew it had been nothing like this. It was as if she were relinquishing light and air for bonds that tightened as she breathed, growing into her flesh." Suffering still, she bears Ben Ata a son.

This love story is abruptly terminated by the Providers, who decree that Ben Ata must now abandon Al•Ith and marry and civilize the hellcat Queen of Zone Five. Grumpily and obediently, he does so. Consistent as this development may be with Lessing's larger pattern, it does vitiate the final pages of her novel. What has happened earlier between her two principals seems too important to pass over so quickly. Lessing, 60, has written often about the struggles between men and women and the dimensions of sex and love, but never with more sweetness, compassion and wisdom. — *Paul Gray*

WHERE THE BUFFALO ROAM

BASED ON THE TWISTED LEGEND OF Dr. Hunter S. Thompson

PETER BOYLE • BILL MURRAY as Dr. Hunter S. Thompson

"WHERE THE BUFFALO ROAM" co-starring BRUNO KIRBY and RENE AUBERJONOIS • Screenplay by JOHN KAYE • Music by NEIL YOUNG

Produced and Directed by ART LINSON A UNIVERSAL PICTURE

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The Monterey Peninsula, California

Books

Scraps of Genius

THE LIFE OF KATHERINE MANSFIELD
by Antony Alpers
Viking; 466 pages; $16.95

On a sunny morning in 1918, a weak, feverish Katherine Mansfield arose in a shabby hotel on the French Riviera and, for the first time, coughed up blood. "I don't want to find this is real consumption," she wrote in her journal. "I shan't have my work written. *That's what matters.* How unbearable it would be to die —leave 'scraps,' 'bits' . . . nothing real finished."

But, as she well knew, it was tuberculosis. And when she did die five years later at the age of 34, the writing she left behind was indeed a scrappy *oeuvre:* 88 stories, 26 of them unfinished, many others juvenilia, sketches, magazine-formula pieces, experimental cul-de-sacs. Fortunately, among them were also shards of genius. Her best stories—*At the Bay, Je ne parle pas français, The Daughters of the Late Colonel, The Garden Party,* perhaps half a dozen others—leaped beyond the traditional 19th century tale in a few quick, bright strokes. Although they were short on narrative, the pieces proved startlingly fresh, almost hallucinatory in their vividness, yet anchored in wit and ruthless reportage.

After her death, Mansfield's husband and executor, Critic John Middleton Murry, set out to canonize her as "the most wonderful writer and most beautiful spirit of our time." As Antony Alpers shows in this sturdy, sensible book, Murry's hagiography was as much a disservice as the excessive imitation, dismissal and neglect that later overtook her.

Mansfield's life was an even more ill-matched jumble than her work. The daughter of a prosperous New Zealand

Katherine Mansfield
"True to oneself? Which self?"

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1980 is a very special year for Mazda.

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And the GLC Custom gets special touches like manual 5-speed overdrive or automatic, steel-belted radials and sporty wheel trim rings.

We believe this very special occasion deserves some very special cars. And we're pleased to offer them to you now. But do remember. A limited offering is, after all, limited.

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business leader, she had "gone every sort of hog since she was 17," as Virginia Woolf put it. That included a string of lesbian as well as heterosexual affairs, a pregnancy and miscarriage and a bizarre episode in which she married a singer whom she had known for three weeks, then abandoned him on their wedding night. In her first eight years in England she had 29 postal addresses, not counting excursions to Europe. She compartmentalized her life, playing different roles to different people: the reckless bohemian, the exalted votary of art, the matey colonial. Paraphrasing Polonius in her journal, she wrote: "True to oneself! Which self?"

She and Murry began as intellectual roommates. They shook hands before retiring to separate beds: "Goodnight, Murry"—"Goodnight, Mansfield." Although they lived apart during their troubled, debt-ridden marriage almost as much as they were together, he was one of the two enduring people in her life. The other was a quiet, hulking former schoolmate named Ida Baker, a sort of Alice B. Toklas in search of a Gertrude Stein. Ida was never Mansfield's lover, but she attached herself as factotum, confidante and nursemaid. To Mansfield, these ministrations were occasionally suffocating but ultimately indispensable. She sometimes referred to Ida as her wife.

Her wide-ranging literary friendships tended to be edgy at best—as with Virginia Woolf, and quarrelsome at worst—as with D.H. Lawrence (who seems to have used her as the model for Gudrun in *Women in Love*). In later years, increasingly ravaged by her disease, she yearned to rise above personal relations, as if a spiritual regeneration might trigger a physical one. She flirted with Roman Catholicism and tried a quack course of X-ray treatments. Finally, one of her old editors and mentors led her to the Russian mystic Gurdjieff, in whose community at Fontainebleau, France, she spent her final days.

Footloose to the last, she was able to go home again only symbolically. The death of a favorite brother in World War I turned her thoughts back to her family and to New Zealand, the raw land that had been settled but not yet imagined. Mansfield determined to "make our undiscovered country leap into the eyes of the Old World." Alpers, a fellow New Zealander who teaches at Queen's University in Ontario, writes feelingly of the spacious, humane vision she brought to *Prelude, At the Bay* and her other New Zealand stories. They were, he suggests, "a form of atonement for the sins of her youth." As an erratic schoolgirl in Wellington, Mansfield was once described by a teacher as "imaginative to the point of untruth." By the time she died, unhappy and unfulfilled at Fontainebleau, she had learned to be imaginative to the point of truth. — ***Christopher Porterfield***

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She lives in the Philippines. And she's the special child I sponsor.

"Four years ago Marites' father died, leaving her sickly mother as the only means of support for six children. Extreme poverty forced eight-year-old Marites and her two older sisters to go to work just to survive.

"Then thanks to the Christian Children's Fund I was able to sponsor her. To help give her food, clothing and a chance to go to school without taking her away from the family she loves.

"Marites and I got to know each other, and now we share a very personal affection for each other.

"For just $15 a month, you too can help a child like Marites. You can become a sponsor in the Christian Children's Fund.

"Don't send any money now. Just send the coupon. We'll send you a child's picture and background information, and explain how you can write to the child and receive very special letters in return. Then decide if you want to help. Please send in the coupon today. Because these kids are all in our family—yours and mine."

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Reluctant Cinderella

Meet that distinguished dropout, Italy's Maurizio Pollini

In the early 1960s Maurizio Pollini of Milan, Italy, looked like the keyboard's most glamorous Cinderella since Van Cliburn of Kilgore, Texas, conquered Moscow. At 18, Pollini beat out a field of 78 to win the International Chopin Competition in Warsaw. He was promptly whisked off to recording studios in London, and the result—an LP of the Chopin *Concerto No. 1*—brought critical raves on both sides of the Atlantic. Concert bookings were thrust upon him.

For most young pianists, the glittering path that stretched before him would have been the sheerest fantasy fulfillment. But for Pollini, there were two things wrong: it came too easily and too soon. He astonished musical observers by turning his back on celebrity, suspending all recording activity and curtailing most of his concerts. He returned to Milan for a few more years of musical study and reflection; he sought out the reclusive pianist Arturo Benedetti Michelangeli for lessons; he read philosophy and pursued his passion for chess.

It takes an individual of great inner conviction to risk a dropout like that. It also takes a pianist of extraordinary brilliance to come back afterward, on his own terms and at his own pace, to rebuild a major career. Pollini is such an individual and such a pianist. Becoming active again around 1967, he made a belated New York debut in 1968 that was well worth waiting for. By the early 1970s he was ready to resume recording, and a succession of superb discs has followed: the Chopin *Etudes*, the late Beethoven sonatas, last year's Grammy Award–winning set of Bartók concertos. Last week, as Pollini completed a three-week swing through the U.S., including two stunning recitals in Carnegie Hall, he left behind little doubt that, at 38, he has moved into the forefront of the world's pianists.

Even in an age when a juggernaut technique tends to be taken for granted, Pollini's is outstanding. Triphammer octaves, high-velocity passage work, densely woven inner voices, all are managed with breathtaking ease and control. In highly rhythmic, percussive music—Prokofiev, Bartók, Stravinsky—he attacks with exhilarating ferocity and precision.

PITT—ENCORE

Maurizio Pollini performing at Carnegie Hall and (inset) relaxing offstage

A critic's dream, an interviewer's nightmare and a pianist of exhilarating ferocity.

Stylistically, he favors clean, sharp-edged, objective interpretations, free of flourishes and exaggerations even in the most romantic repertory. Some listeners consequently miss a certain warmth and spontaneity in his playing. Although capable of producing beautiful sonorities, he is admittedly not the poet or colorist that, say, Vladimir Ashkenazy is. Nor, despite his limpid, shapely way with Mozart and Beethoven, does he share the Austro-German classical tradition of an Alfred Brendel. Yet everything he does arises from such a deep, individualized conception, and is brought off with such musicality and unforced virtuosity, that it carries its own commanding authority.

No pianist of comparable stature can match Pollini as an exponent of contemporary music. His programs feature the works of Webern, Schoenberg, Boulez, Stockhausen and his friend Luigi Nono, alongside more standard offerings. "The music of today is a mirror of our time, of its problems," he says. "Why is it normal to be interested in Picasso and Joyce and not in Schoenberg and Stockhausen?" He has sometimes paid for this conviction by being booed at performances, an experience that he shrugs off: "No response at all would be worse." Once, in Vienna, a Stockhausen score called for him to strike a row of keys with his arm and hold them down for 30 seconds. As Pollini remained bent motionless over the keyboard, a whisper came from the first row: "He is exhausted."

If Pollini the musician is a critic's dream, Pollini the man is an interviewer's nightmare. He is agreeable and fairly fluent in English, but too shy to traffic in epigrams and anecdotal revelations. Wearing dark-rimmed glasses that are never seen onstage, he sits there, nervously smoking Pall Malls and tapping his foot, turning away one question after another. His ultimate artistic goals? "*[Puff.]* I try to do in the best possible way this music. That is all." What about his reputation for radical politics? During the Viet Nam War, wasn't he hissed and shouted off the stage in Milan for trying to read an anti-U.S. manifesto before playing? "I am involved in a . . . personal way. *[Puff.]* Every man has a responsibility. *[Puff, puff.]*"

So Pollini's personal life remains private, fenced off behind the rows of neutral facts in program notes. He was the only child of a prominent modernist architect in Milan. He began playing the piano at five and immediately felt "a special connection" with the instrument. At eleven, he gave his first public performance. Today, in between the 60 or so concerts he plays a year, he lives in Milan with his wife and baby son.

Pollini and Nono spend part of each summer at Conductor Claudio Abbado's house in Sardinia, playing netball and cards and, of course, arguing politics. (Pollini and Abbado are former members of the Communist Party, Nono still belongs.) When Pollini is not going to the movies —Woody Allen is a favorite—he reads constantly to enrich his musical culture: criticism, biographies, memoirs. In his practicing, as in everything about the piano, he goes his own way. There was, for instance, the time he closeted himself to prepare for an important concert. Friends, hearing no music, opened his door to investigate. He was seated at the piano, but the lid was closed. On it rested a chessboard on which he was intently playing against himself. ■

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